

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين



## STRONG FOUNDATION

### A progressive partnership

Our long term success is built on a firm foundation of commitment, good governance, performance and prudent risk management. Effective corporate governance is an important foundation for success of our Modaraba.

The Relationships that exceed beyond normal business this is how we have acquired the challenging standing we possess today as most progressive Modaraba holding the loyalty and trust of thousands of stakeholders across the country.

Our achievements are evidence to the solid business fundamentals and consistent financial management policies practiced across the entire Group. Our focused business strategy keeps us firmly on path of sustainable growth.

Islamic finance is a financial system operates in accordance with Islamic principle of finance. This system encourages economic activities and proper distribution of wealth which ultimately lead to promote social justice which is the key theory of Islamic economic financial system.


Modaraba concept is also based on said system. It is a kind of partnership wherein one party provides financing to other for the purpose of carrying business and sharing profits earned through mixture of investment and expertise which is truly based on sharing and equality.

Being pioneer in Modaraba sector within the country, First Habib Modaraba has developed partnership with various segments of investors and keeps on generating value for all of them. It is a progressive partnership which based on trust, confidence and mutual respect.



# vision

To be the leading Islamic Financial Institution within Modaraba sector by providing the best innovative Sharia'h Compliant financial solutions at maximum satisfaction of customers.



An institution built on Trust,  
Integrity, Good Governance with  
Commitment to add value to all  
stakeholders through an  
effective human resource  
management in a modern and  
progressive organizational  
culture, maintaining high  
ethical and professional  
standards.

# mission

## Corporate Information

### BOARD OF DIRECTORS

Mr. Wazir Mumtaz Ahmed	- Chairman (Non-Executive Director)
Mr. Muhammad Shoaib Ibrahim	- Chief Executive Officer
Mr. Abbas Ali Muhammad	- (Non-Executive Director)
Mr. Mohammad Hashim	- (Non-Executive Director)
Mr. Syed Rasheed Akhtar	- (Non-Executive Independent Director)

### AUDITORS

Muniff Ziauddin & Company  
Chartered Accountants

### LEGAL ADVISOR

Mohsin Tayebaly & Company  
Ahmed & Qazi Advocates & Legal Consultants

### AUDIT COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Abbas Ali Muhammad	- Member
Mr. Wazir Mumtaz Ahmed	- Member
Mr. Shakeel Ahmed	- Secretary

### HUMAN RESOURCE COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Abbas Ali Muhammad	- Member
Mr. Wazir Mumtaz Ahmed	- Member

### COMPANY SECRETARY

Mr. Adnan Thanwey

### REGISTRAR:

Central Depository Company of Pakistan.  
CDC House, 99-B  
Block 'B', S.M.C.H.S.  
Main Shahrah-e-Faisal  
Karachi.  
Ph: 021-111-111-500  
Fax: (92-21) 34326031

### BANKERS

Habib Metropolitan Bank Limited (Islamic Banking)  
Meezan Bank Limited  
Al Baraka Bank Pakistan Limited  
Bankislami Pakistan Limited  
Burj Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Soneri Bank Limited (Islamic Banking)

### REGISTERED OFFICE

5<sup>th</sup> Floor, HBZ Plaza (Hirani Centre)  
I.I. Chundrigar Road, Karachi.  
Tel: 021-32635949-51  
Fax: 021-32627373  
UAN : 111-346-346  
Web : [www.habibmodaraba.com](http://www.habibmodaraba.com)  
Email : [fhm@habibmodaraba.com](mailto:fhm@habibmodaraba.com)

### GEOGRAPHICAL PRESENCE - BRANCH OFFICES

#### Lahore Branch:

1st Floor, 5-Z Block, Phase III, Defence Housing  
Authority, Lahore.  
Tel: 042-35693074-76, Fax: 042-35693077

#### Islamabad Branch:

Office No. 508, 5th Floor, ISE Towers, Jinnah Avenue  
Blue Area, Islamabad.  
Tel: 051-28994571-73, Fax: 051-2894574

#### Multan Branch:

Mezzanine Floor, Abdali Tower,  
Abdali Road, Multan.  
Tel: 061-4500121-3, Fax: 061-4588810

## Directors' Report



On behalf of the Board of Directors, I am pleased to present the audited accounts of the Modaraba for the year ended June 30, 2016.

Profit before management fee	343,556,104
Modaraba Management Company's remuneration	(34,355,610)
Less: Services Sales Tax on Management Company's remuneration	(4,809,785)
Less: Workers Welfare Fund	(6,087,814)
Profit for the year	298,302,894
Unappropriated Profit b/f	25,826,433
Profit available for appropriation	324,129,327
Earning per certificates of Rs.5/- each	1.48

### APPROPRIATIONS

Cash Dividend @ 20% (Re.1/- per certificate of Rs.5/- each)	201,600,000
Transfer to statutory reserve @ 30% of profit	89,490,868
Unappropriated profit c/f	33,038,459
	324,129,327

### Dividend Payment

The board of directors has pleased to declare cash dividend of 20% i.e. Re.1.00 per certificate of Rs.5/- each for the period ended 30th June, 2016.



## Economic Review

Pakistan's economy continued to maintain its growth momentum in the fiscal year 2015-16. This is in spite of suffering from heavy losses within agriculture sector. Despite global economic slowdown, GDP growth in Pakistan maintained its modest pace. The growth in the industrial sector, in particular, accelerated on the back of better energy supply and improvement in security situation. This growth, in turn, had significant spillover to the services sector. The government during the past three years has done remarkably well in turning around perceptions about the state of the economy.

The IMF also acknowledged Pakistan's performance over the past three years, saying the economy made significant progress towards strengthening macroeconomic and financial stability and resilience, and laying the foundations for higher, more sustainable and inclusive growth. Recently, Pakistan has successfully completed 12th and last review for Extended Fund Facility (EFF), with two waivers which Fund was granted.

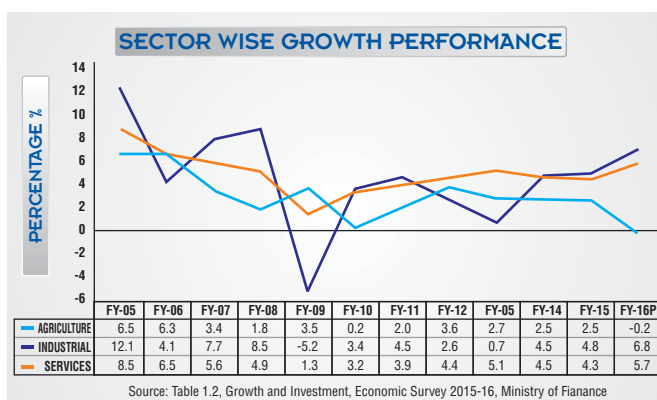
According to Economic Survey of Pakistan 2015-16, the economy grew by 4.7% on the back of 6.8% growth in Industry the best performance in more than eight years. A strong performance from the industry and services sector led the growth in GDP. Agriculture, on the other hand, suffered from significant losses to the cotton crop, which recorded a massive fall over the last year. FY16 was the first time in last several years when the agriculture sector recorded decline.

Acceleration in the industrial growth from 4.8 percent last year to 6.8 percent in FY16 is a positive sign. More encouragingly, this growth was achieved despite sluggish external demand as evident from a persistent decline in exports since 2015. In addition, the services sector also performed well, as growth improved

sharply from 4.3 percent last year to 5.7 percent in FY16. Introducing sector specific policy initiatives, the government ensured better energy management for instance LNG imports allowed adequate gas availability for fertilizer and other industries. The support policy from government has played a key role in improving macro fundamentals and development focus of fiscal spending particularly on infrastructure projects.

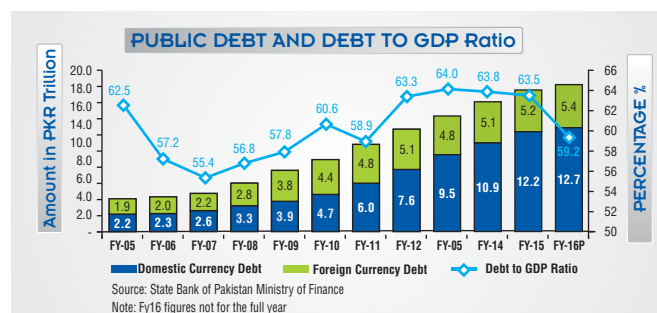
This ease in inflation primarily came on the back of continued low commodity prices in the global markets and its swift pass through to domestic consumers, particularly for POL products, comfortable supplies of key food items, and stable exchange rate. The impact of these factors was so overwhelming that YoY CPI inflation touched the extraordinary low of 1.3 percent in September 2015.

The Pakistan Stock Exchange has performed remarkably well and included in MSCI's emerging market index. Headline inflation continued its downward trajectory in FY'16 wherein it was recorded at 2.86 percent YoY compared to 4.56 percent in FY15. Suppressed commodity prices and stable exchange rate helped in keeping inflation anchored in the country. The initiatives under China-Pakistan Economic Corridor (CPEC) not only attracted foreign direct investment (FDI), but also helped in reviving the confidence of local businesses.



However, some challenges still exist for the economy. Investment rate continues to remain low, whereas the non-CPEC FDI has not picked up the pace. The tax base stays narrow despite of the best efforts made by exchequer including unsatisfactory balance of trade deficit. Furthermore, low commodity prices due to continued slowdown in the global economy have also had an adverse impact on some sectors of the economy.

Exports are not picking up and remittances are also slowing down. All the positivity associated with CPEC, but lack of investment in domestic manufacturing is visible future threats which will continue to taint the economy in the absence of concrete steps on long term basis. Current foreign exchange reserves have reached its historic high which would help in confidence building of lenders and investors for future sustainable growth. However, it needs to be supplemented by deep rooted structural reforms so that the recent improvement in macro fundamentals can be sustained.





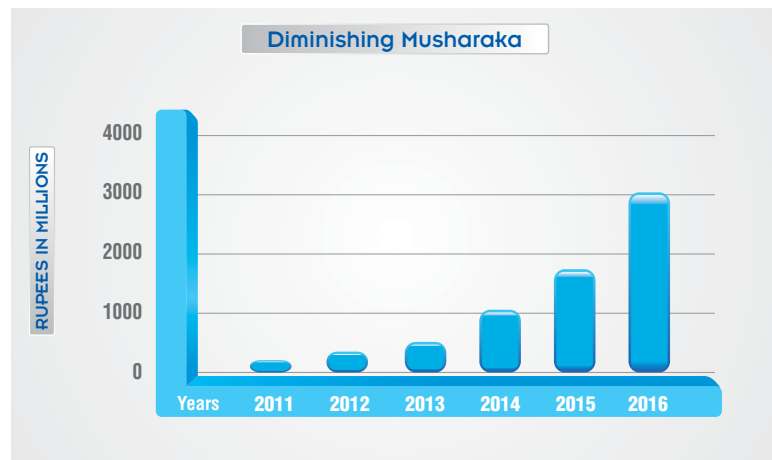
## Business Review of FHM

By the blessing of Allah Subhanahu wata'ala the management has concluded yet another successful financial year consolidating its position within Modaraba Sector of Pakistan. Alhamdulillah, we have again fulfilled our commitment in given the satisfactory financial result and better return in the shape of cash dividend to Certificate Holders. FHM has demonstrated operational and managerial strength which well reflected both in business volume and profitability. Consistency in distribution of dividends among the certificate holders along with increase in certificate holders' equity has made FHM a sound and well performing Modaraba within the sector.

As per statistics of NBF and Modaraba Association of Pakistan, our Modaraba was ranked as number one in terms of assets size within the Modaraba sector for the period ended 30th June, 2015. Presently association is compiling sector numbers and we are confident that we will maintain our above position for June, 2016 as well.

The year 2015-16 was a challenging year due to sharp fall in commodity prices, slowdown in emerging markets and persistently low lending rates. However, by the grace of God, we were able to achieve satisfactory performance. These achievements are a demonstration to the solid business fundamentals with focused business strategies and consistent financial management policies practiced at all levels of Modaraba. The main thrust in this regard was to expand the market outreach, broaden the sector mix and finally innovations that will smoothly drive and expand volumes across all customer segments.

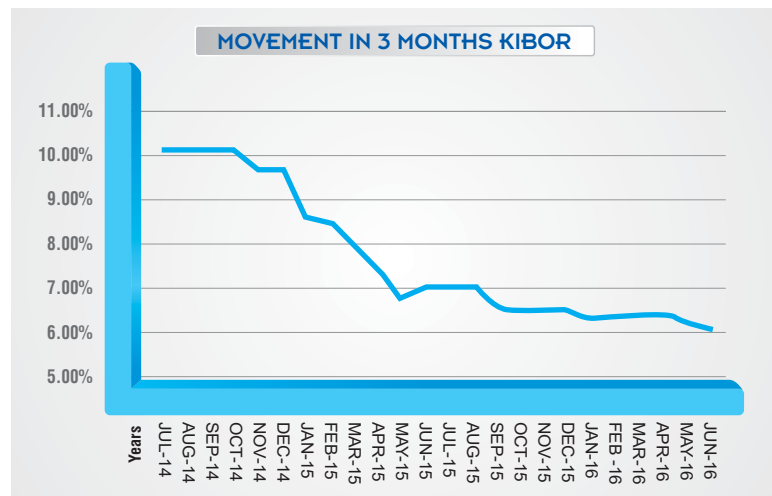
The financial year under review experienced a challenging environment where the lending rates were at its lowest which had increased pressure on the profit margins. The efforts of the management in previous years to expand its reach and increase customer base bore fruits in the year under review. Due to said strategy financing portfolio and assets base grew significantly and supported Modaraba to sustain the profitability at a level almost similar to the previous year.



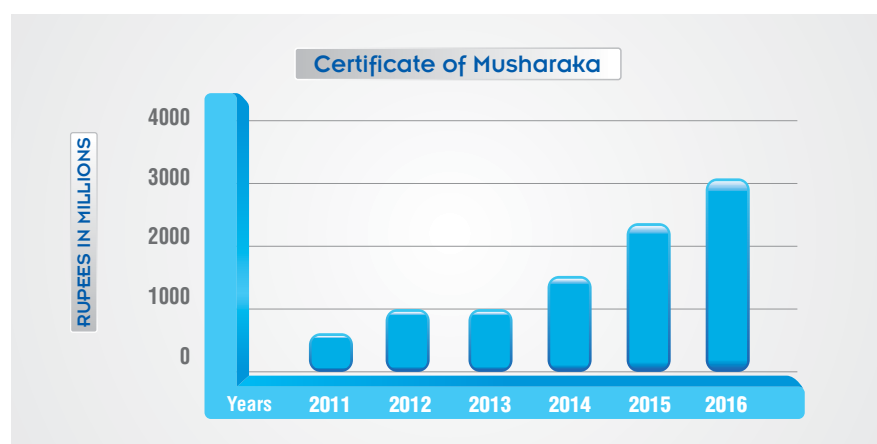
Due to enhancement in financing and deposit size, overall base of balance sheet was increased from Rs.6.393 billion to Rs.7.163 billion which reflect growth of around 12%. During the period, total financing of Rs.3.441 billion as compared to Rs.3.091 billion of last year was made increase of around 13%. Again this year we surpassed last year record of highest disbursement in any single year in the history of FHM.

In our quarterly reports of current year we keep on mentioning that due to decrease in discount rate and shirking in profits margins, the profitability of our Modaraba has affected significantly. However, by the grace of God, we have been able to manage profitability to some extent by increasing financing portfolio. Simultaneously the quality of financing assets was also successfully maintain. Likewise, Alhamdulillah, our recovery of financing portfolio was remained excellent and no provisions against doubtful and bad debts were made.

Out of total financing, around 67% disbursement was made in Diminishing Musharkah financing as compared to 43% of last year. This was also in line with our business strategy of balancing of financing product. Percentage of our vehicle financing portfolio was 85% of total disbursements made during the year. This is also in line with our credit risk strategy for sound and quality assets portfolio.



As our business strategy, we have successfully spread our financing portfolio in branches outside Karachi. Around 50% of total financing assets are now with branches of Lahore, Islamabad and Multan. These branches have made decent contribution in financing portfolio and their share is now gradually enhancing every year by adding good corporate entities and SMEs.



Our branches have also successfully enhanced the deposit base under the scheme of Certificate of Musharaka (COM). COM rose to Rs.3.051 billion from the last year figure of Rs.2.360 billion. The deposit segments are greatly supporting our financing portfolio. The COM portfolio has been enhanced by around 29% which is again excellent achievement of branches and highest amount in the business history of FHM. This is a clear reflection of the large number of mandates from clients who have reposed their confidence in FHM based on our sound return, safety of investment and service standards. We believe that without low cost and long term generations of deposit portfolio, it would not be possible to enhance lending portfolio.

As we informed you in our last report that Board of Directors of Management Company were granted approval to a possible transaction involving sale and transfer of management rights in respect of First Habib Modaraba to Habib Metropolitan Modaraba Management Company (Pvt.) Limited, (HMMML) a fully own subsidiary of Habib Metropolitan Bank Limited, subject to fulfilment of all regulatory formalities and regulatory approvals.

In this connection in-principle approval of the Securities and Exchange Commission of Pakistan (SECP) was received. However, HMMML is still in process of completion of legal formalities and approval from State Bank of Pakistan. Upon completion of all legal/regulatory formalities by both entities, the

formal approval will be given by SECP to HMMML. According to proposed transaction, the Management Company of FHM will be changed from HMML to HMMML. However, there will be no change in management structure and business model of FHM.

At present SECP is in process of to change regulatory framework of Modarabas such as Modaraba Ordinance, Modaraba Rules and Prudential Regulations. Most of the proposed changes will further strengthen the quality of monitoring, good governance and strong compliance culture which ultimately lead to progress and development of the Modaraba sector on solid footing. However, on few proposed changes the NBFI association has shown its concern and requested for appropriate changes/removal of such proposals. The Association is closely working and negotiating with the regulators for updating of Modaraba laws.

### Conclusion

As one of the most senior and reputable entity within Modaraba sector of Pakistan, we recognize that our customers have placed their faith on us and we uphold this confidence from core of our heart. It is with this spirit that our vision, mission and ethics are developed in conjunction with our core business objectives.

As a top ranking Modaraba we believe that we are well positioned to benefit from opportunities available in coming years within the Pakistan's markets. However, future growth needs continuous effort to improve the alignment of the entity's strategic and create a scalable platform for medium term to long term growth.

Our corporate values influencing every aspect of our culture and business activities and we recognize that values are best achieved when integrated into day-to-day practices. Our dedicated and committed staff members are vibrant examples of our success in developing the organization on sound footing.

### SHARE OF FHM IN THE MODARABA SECTOR

Following table shows the market share of FHM as per the NBFI & Modaraba Association of Pakistan Year Book 2015 for the financial year ended 30th June 2015.

	(Rupees in million)		
	Combine Position of 24 Modarabas	FHM Share	% of FHM share in Modarabas
Total Equity	15,894	3,257	20%
Total Assets	30,736	6,393	21%
Lease Financing Assets	14,375	3,072	21%
Net Profit	1,353	307	23%

## Awards And Achievements

### Recipient of “Best Performing Modaraba” award

The NBF and Modaraba Association of Pakistan had started giving Best performing Modaraba Award from the year 2000. The moto of this award to promote those entities within the NBF and Modaraba sector who are performing well and also adhering to best corporate and governance culture.

Allhamdulillah, First Habib Modaraba (FHM) meets the said criteria every year since last several years. So far FHM has received 15 awards as “Best Performing Modaraba Award” from last 17 years from above association.

### Recipient of Corporate Excellence Award

Management Association of Pakistan (MAP) has played a pivotal role for overall promotion of corporate entities and committed to excellence in management through human capital development, creating awareness and recognizing best management practices to enhancing competitiveness.

Allhamdulillah, FHM is continuously meeting the criteria of Corporate Excellence award and secured several awards from MAP since last several years. So far FHM has received seven awards in last eight years within financial category.

The recognition of Corporate Excellence Award from MAP acknowledges the strong commitment of FHM for promotion of best business practices, good governance and corporate excellence within FHM while maintaining financial discipline. FHM is only Modaraba within the Modaraba sector who has continuously recognizing by the MAP for said awards.

### Best Corporate Report Award from ICAP/ICMAP

The Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP) initiated the Best Corporate Reports Award in the year 2000, with the aim to encourage local companies to follow transparency in preparing their annual reports according to international accounting standards.

Allhamdulillah, FHM is receiving Best Report Award from said joint committee since last six consecutive years within the category of NBFs sector. The category of NBFs is consisting on Insurance, Leasing, Investment banks, and Modarabas. By the grace of God, FHM is only Modaraba in entire Modaraba sector who have been receiving this award since last several years. Last year FHM secured “First Position” within the category of NBFs sector.

### SAFA “CERTIFICATE OF MERIT AWARD”

South Asian Federation of Accountant (SAFA) is an apex Body of SAARC. SAFA consists of the institutes of chartered accountants and the institutes of cost & management accountants in the SAARC countries.

Every year, SAFA gives awards to different categories to corporate entities on the basis of evaluation of the published annual reports of companies within the SAARC countries. The aim of this award is to improve and promote transparency, accountability and governance in financial reporting.

The SAFA Award is considered as the most prestigious accolade for financial reporting in the South Asian region.

Allhamdulillah, FHM is receiving SAFA award since last six consecutive years from overall category of financial sector within Pakistan and SAARC countries level. By the grace of God, FHM is the only Modaraba within Modaraba and NBF sector securing this award constantly for last several years.

### FPCCI Achievement Award

The Federation of Pakistan Chambers of Commerce & Industry (FPCCI), which is the apex body of trade and

industry of Pakistan, is promoting the interest of Pakistan's Commercial and Industrial community as well as economic and socio-economic activities.

To encourage the outstanding Organizations and Individuals, FPCCI organizes "FPCCI Achievement Awards", to cater their performance, so as to recognize and honor the dedicated individuals and enterprises of Pakistani origin who have made sustained and lasting contribution in economic and socio-economic development of Pakistan.

Last year FPCCI has awarded "FPCCI Achievement Award-First Position" to First Habib Modaraba (FHM) under the category of NBFI. This recognition has been given to FHM for promotion of Islamic Finance within NBFI and Modaraba sector.

#### Best Modaraba Managed Award

FHM received "Best Modaraba Managed Award" in the Best Islamic Banking & Finance Awards 2016 arranged by The Pakistan Observer. This award was given under the category of Non-Banking Financial Institutions.

Pakistan Observer is a highly reputed newspaper in Pakistan. They are playing active in promotion of Islamic Banking and Finance in Pakistan. Since last three consecutive years they are arranging Round Table Conference (RTC) to discuss the issues and problems faced by the industry and measures required to promote Islamic Banking.

To encourage the Islamic Banking sector along with RTC they arrange Islamic Banking and Finance Awards.

In January, 2016, Pakistan Observer has recognizes the contribution of First Habib Modaraba for promotion of Islamic Finance within the Non-Banking sector and gave award of "Best Modaraba Management Award" to FHM.

## Business Development Activity

Business development is a combination of our Core Corporate Objectives and Business Strategies. Our core objectives mostly remain unchanged however, we change our strategies according to need and prevailing business environment. It is combination of business development, growth planning, marketing and service excellence.

In our business strategies, we have concentrated two main areas i.e., enhancement in financing assets size along with customer outreach and maintain profitability due to drastic cut in lending rates. In pursuing of our strategies we have enlarged our market outreach and customer base.

Apart from traditional strategy that we follow big corporate entities having good size and sound financials this year we inducted very well reputed SME customers, logistic customers and few individuals to start mortgage financing. We are confident that inducting this type of small and medium size of customers we will improve our profitability and increase a customer base and business volume.

Out of total financing, disbursement of around 67% was made in Diminishing Musharkah financing including mortgage financing as compared to 43% of last year. This percentage of disbursement has almost equalized the assets in lease financing which is in line with our business strategy for product diversification to divide our

financing portfolio equally in product segments for broadening of financing base and provide variety of products to our prospective customers.

In prevailing business circumstances, majority financial institutions concentrating their focus towards consumer financing and have entered consumer market aggressively with full marketing force. Last year we have launched our consumer car financing. Initially we have targeted in employees of our existing corporate entities and further expanded to small trader and business entities.

For resource mobilization good progress has been made during the year and total funds were enhanced by around 30% under the scheme of Certificate of Modaraba. This year we have generated new deposits from some Islamic Mutual Funds, Takaful companies and hope that in coming year we will generate a good volume of deposit from Treasury of Islamic banks. However in deposit our prime focus would be to further enlarging the area of resource mobilization in retail business segment for continuous availability of funds on long term basis.





## Risk Management Framework

The management of Modaraba actively follows the risk management framework that provides a vigorous approach in dealing with factors that influence the creditability and financial standing of the entity. With the valuable guidance of Board of Directors, the Modaraba has always sought to book quality assets and generate sound earnings for meaningful returns to investors.

An Effective Risk Management Framework and Risk Governance Structure remains an important tool towards ensuring realization of the vision of the Modaraba. The strength of the risk profile of the FHM comprises of:

- Good quality assets portfolio
- Strong Equity and liquidity position
- Good quality human resource
- Robust Risk governance structure.

Risk is an integral part of the financing business and risk management entails adoption of several measures to strengthen ability to cope with the dynamics of a complex business environment in which we operate.

Disciplined risk management and control are essential to our success. The approach to risk is grounded on the strong practices of Corporate Governance that are intended to strengthen FHM's enterprise risk management framework and also position the Modaraba to manage the changing business environment in an effective and efficient manner. Risk management is an essential pillar of our business strategy and is as critical in fulfilling the objective of the Modaraba.

The governance of risk management starts with our Board, which plays an important role in reviewing and approving risk management policies and practices. The firm's governance structure provides the protocol and



responsibilities for decision-making on risk management issues and ensures their adequate implementation.

We maintain a strong inter-departmental communication link on risk factors and encourage culture of collaboration in decision-making amongst all departments.

FHM's risk management capabilities are circle around a strong management structure sound information system, an effective risk-rating system and robust policies. The primary objective of risk management is to maintain the Company's financial strength and ensure efficient capital deployment to support business growth.

### Risk types

At FHM, we possess a comprehensive risk management framework that enables us to monitor, evaluate and manage the risks we assume in conducting our day-to-day activities. These include credit, market, liquidity and operational risk exposures which we can define as follows.

**Credit risk:** The risk of loss arising from the failure of a client or counter-party to meet their contractual obligations. At FHM, credit risk may arise on account of the following:

- Default risk
- Credit concentration risk
- Recovery risk
- Counter-party risk
- Related-party risk
- Environmental risk

**Market risk:** The risk of loss arising from changes in market variables such as interest rates, security prices, equity index levels, exchange rates, commodity prices and general credit spreads.

**Liquidity and funding risk:** The risk of being unable to either meet our payment obligations on maturity or to borrow funds from the market at an acceptable price to fund actual or proposed commitments.

**Operational risk:** The risk of loss arising from inadequate or failed internal processes, people and systems, or the risk of loss resulting from external causes, whether deliberate, accidental or natural.

Other related operational risks include:

- Legal risk
- Shariah noncompliance risk
- Reputational risk
- Compliance risk
- Strategic risk

#### Credit risk management

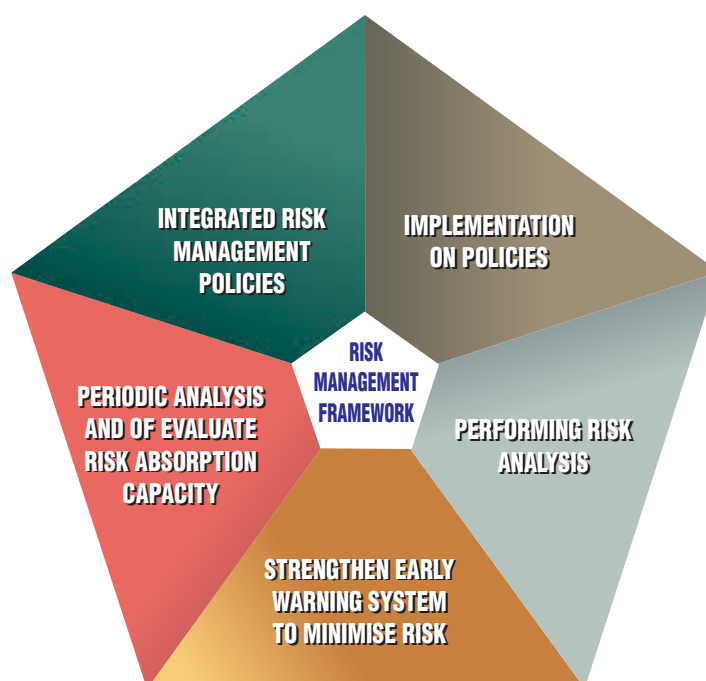
- Thoroughly analyze approved facilities before disbursement.
- Assess the risk of financing assets and its marketability.
- Assessment of availability of recourse in case of default of counter party.
- Measuring the firm's current and potential credit exposure and losses resulting out of counter-party default.
- Reporting of credit exposures to the senior management and Board, risk mitigates including its controls.

#### Market risk management

At FHM, market risks may arise in the following forms:

- **Interest rate risk:** Interest rate risk is the exposure of FHM's financial condition to adverse movements in interest rates arising from re-pricing and/ or maturity mismatches, changes in underlying rates and other characteristics of assets and liabilities in the normal course of business.
- **Equity price risk:** Results from exposures to changes in prices and volatility of individual equities, baskets of equities and equity indices.

The Company's Asset Liability Management Committee (ALCO) regularly meets to assess prevailing market risks. ALCO members analyze the changes in interest rates and market conditions and conduct an analysis on the asset-liability maturity gap and product re-pricing thereby taking effective measures to monitor and control interest rate risks.



These include maintaining of:

- An interest rate risk management review process.
- Appropriate limits on risk taking.
- Adequate systems of risk measurement.
- A comprehensive interest rate risk reporting system and effective internal controls.

At present our majority financing portfolio is linked with floating rate which review on quarterly/half yearly basis. This rate review support for interest rate risk management in case of volatile rate in the market. FHM has an adequate system of internal controls to ensure the integrity of its interest rate risk management processes and to promote effective and efficient operations, reliable financial and regulatory reporting and compliance with relevant laws, regulations and institutional policies.

#### Liquidity risk management

Liquidity has critical importance to financial institutions. Insufficient liquidity has been the cause behind most recent failures of financial institutions. FHM possesses a comprehensive and conservative set of liquidity and funding policies to address both firm-specific and broader industry/market liquidity events. Our principal objective is to create a well-capitalized firm with a strong inherent ability of our core businesses to continue to generate revenue, even under adverse circumstances.

We manage liquidity risks according to the following principles:

- **Asset-liability management:** We assess anticipated holding periods for our assets and their expected liquidity in a stressed environment. We manage maturities and diversity of our funding across markets, products and counter-parties and seek to maintain liabilities of appropriate tenor relative to our asset base.
- **Excess liquidity:** We maintain substantially excess liquidity to meet a broad range of potential cash outflows and collateral needs in a stressed environment. We invest our liquid funds in a manner which emphasizes the need for security and liquidity.

Liquidity requirements are managed on a regular basis by the relevant department which is also responsible to ensure that sufficient funds are available to meet short-term obligations, even in a crisis scenario. We aim to maintain a sound liquidity position to meet our liabilities when due, whether under normal or stressed conditions.

The Company possesses adequate internal controls over its liquidity risk management process. An effective system has created a strong control environment with an in-built process of identifying and evaluating liquidity risks. It also possesses an adequate information system that produces regular independent reports and evaluations to review adherence with established policies and procedures.

## Risk Management and control principles

For effective risk management around the business and operations we focus on following areas which support us towards achieving an appropriate balance between risk and return.

- Comprehensive and transparent risk disclosure mechanism to senior management at all levels.
- Independent control functions which monitor the effectiveness of the business's risk management capabilities and also oversee risk-taking activities.
- Monitor and control risk exposures at level of individual customer at specific portfolio and at aggregate firm wide level across all risk type.
- Upgrade system to provide quick information obligor's financial health and relevant sector.
- Strengthen credit approval process, credit reviews and monitoring functions and develop early warning mechanism.
- Give required training to staff members for effectively handling risk management functions.

Proper risk management has become essential part of any institution and it demand higher priority today than it was a few years ago. We do realize the importance of this key segment of business and aligning the same in accordance with need and requirement for smooth and risk operations of businesses.

We are continuously up dating our process and control in line with business requirements, regulatory compliance and directives under board of directors. Following are broader area of approaches which go through with the process during the year.

- Improving risk management methodology and approaches regular testing of disaster recovery sites (DR) through mock exercises.
- Refining understanding of key staff members about risks being faced in daily operations.
- Refresh and reinforce stress-testing capabilities and embedding them across the operations.
- Enhancing security and control aspects of security documents.
- Strengthen security wall on application and hardware.
- Strengthen recovery process through regular review of customer's repayment behavior.
- Regular review of customers borrowing trend through eCIB.
- Improve Shariah review mechanism to minimize risk of Shariah non-compliance.
- Enhancing staff skills by providing training on an ongoing basis.
- Strengthen of credit risk of financing portfolio which includes customer appraisals, assets valuations and inspections, analysis of sector and products.

## Information Technology

Advances in technology provide new opportunities in our daily routine. The growth of digital information continues at an unprecedented rate and it has become core segment of financial sector. With the noticeable shift towards various driver-centric services The impact of Information and Communication Technology has been felt in almost all sectors that are particularly important in modern financial sector.

FHM also continues to harmonize the system support department with management goal to remain best-in-class in controlling the risk. Investments in systems, sharing of best practices, training staff and further development of techniques are considered a prerequisite to remain in control and in technological advancement to achieve the business target.

In information technology business segment FHM focuses its competence for investments in information and communication technology. System support department thus offers FHM user to customers tailored solutions which are rounded off with additional complementary services covering all aspects of execution of financial transactions. It also handles the commercial aspects of complex projects in the software sector.

Newly develop customer proposal Tracking System with automated processes enables the user to improve their management of complex detailed and achieve more accuracy in documentation. Certified data information is particularly important, especially for customer data. The Tracking System provides optimal solutions for efficient monitoring of customer proposal, approval processes and execution of facility.

IT is the centerpiece of a successful financial business model. FHM technology Department aims to streamline processes, cut costs, eliminate human error, speed things



up and boost productivity. In order to meet new challenges plan to invest in technology, upgrade technology infrastructure and deploy new technology solutions.

We firmly believe that without the support of technology the innovation and growth in business cannot be achieved. The management is fully aware with the significance of technological advancement and pays their full attention on this segment on priority basis.

## Training & Development

Training and career development are very vital in any organization that attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge.

FHM believes in nurturing and investing in its employees with the ultimate objective of ensuring high employee morale and productivity. We work towards understanding and assimilating employee objectives with corporate goals, as rapid change requires a skilled, knowledgeable workforce with employees who are adaptive, flexible, and focused on the future.

During the year FHM employees were provided training opportunities in the areas of Islamic Finance, Credit, Risk Management and Personal Effectiveness in collaboration with different training institutes.





## Internal Control

Internal control consider a backbone for any organization as it provide the assurance of smooth working of the organization against any risk which threaten the organization in order to achieve their desired strategic objective. The management always keen in establishment a system of control in order to safeguard the interest of all the stakeholder whether they are regulator, shareholder etc. The effectiveness of internal control embedded in the design of the system itself for which deep thinking is necessary encompass all the necessary vulnerability in order to detect any such risk.

The management of FHM is responsible to establish and maintain an adequate and effective system of internal controls and procedures. The core objective of internal control is as follows:

- Effectiveness and efficiency of operations
- ensure adherence to its policies and plans
- Reliability of financial reporting
- Safeguard its asset and resources,
- Compliance with applicable laws and regulations
- Improved reporting throughout the organization

Compliance is the integrated tools of internal control without which the organization cannot obtain the resistant against risk and threat, whether it is regulatory compliance or even documentary compliance all are the important tools for the smooth running of the organization. Concerted efforts are made to improve the control environment at every level by continuous review and streamlining of procedures to prevent and rectify control lapses. The department also ensures the compliances of regulatory requirement, FHM's internal policies



and procedures with specific emphasis on KYC, AML and Shariah audit mechanism. The scope of internal audit is independent function which review and assess the adequacy and effectiveness of the control activities across the FHM as well as to ensure implementation of and compliance with all the prescribed policies and procedures.

All significant and material findings of the internal audit reviews are reported to the Audit Committee of the Board of Directors. The Audit Committee actively monitors implementation to ensure that identified risks are mitigated to safeguard the interest of the institutions.

During the year following control mechanism further strengthen:

- New Risk criteria identified along with the related control establish.
- System related audit scope increase for both application level and at the general IT platform level as well.
- Penetration of audit to the other region of the organization.
- Strong vigilance seen in this year on account of shariah audit related compliance.
- Coordinating in new ERP application for system control design and for its effective implementation.

This has further enhanced compliance and control environment including quality of human resource and operational working.

The more the organisation focus on its internal control framework and allied environment the better will be the control feature which will provide safeguard the company and provide accurate financial reporting, strong documentary compliance and above all system assurance better with the end user if the company having sound internal control in place.

# Business Outlook

The growth of global economy is not favorable due recent events such as exit of United Kingdom from European Union, terrorist attacks around the world and the upcoming US presidential election are creating high levels of uncertainty for businesses world over. It is expected that global growth remains sluggish with uneven prospects across the main countries and regions. Low commodity oil and commodity prices will make growth level at low levels. Lower commodity prices also pose risks to the outlook in low income developing economies after many years of strong growth.

Pakistan's economy continued to maintain its growth momentum in the fiscal year 2015-16 and it is expected a better growth in current year as well. The satisfactory growth of last year was despite suffering from heavy losses in the crop sector within agriculture. The government during the past three years has done remarkably well in turning around perceptions about the state of the economy. Pakistan's financial sector has also recorded good growth in terms of assets size and profitability.

The Islamic banking industry in Pakistan has progressed considerably since its introduction and its share reaching almost 13% of the overall banking industry in terms of its asset size. The branch network of Islamic banking is continuously expanding throughout the country at a rapid pace and demand of Shariah compliant financial products are also raising.

Islamic finance has emerged as an effective tool for financing development worldwide. Major financial markets are discovering solid evidence that Islamic finance has already been mainstreamed within the global financial system – and that it has the potential to help address the challenges of ending extreme poverty and boosting shared prosperity.

At present SECP is in process of to change regulatory framework of Modarabas such as Modaraba Ordinance, Modaraba Rules and Prudential Regulations. Most of the proposed changes will further strengthen the quality of monitoring, good governance and strong compliance culture which ultimately lead to progress and development of the Modaraba sector on solid footing. However, on few proposed changes the NBFIs association has shown its

concern and requested for appropriate changes/removal of such proposal. The Association is closely working and negotiating with the regulators.

We foresee further picking up of economic activity at country level under China-Pakistan Economic Corridor (CPEC) project which will support for growth of related industry and enhance base of capital investment. The Islamic Finance industry will also benefit through engagement of locally funded financial related project under Shariah compliant mode of financing.

As leading Modaraba, we believe that we are well positioned to benefit from opportunities available in coming year within the Pakistan's markets. FHM remains determined in maintaining its status as sound and reputable Modaraba within the Modaraba sector. Under the prevailing circumstances we remained committed to our strategy of steady growth and building quality assets portfolio. In line with the strategic priorities, we continue building solid foundations and setting high standards of performance.



## Future Strategy

Year 2016-17 again would be a challenging year in terms of profitability for financial institutions. We foresee that the lower lending rate would once again give tough time to our industry particularly in assets booking by Islamic Financial Institutions.

At present due to low yield on government bonds, commercial banks are aggressively chasing for financing on a very fine rates. Islamic Financial industry is growing with good pace in Pakistan's financial market. With this growth, a healthy competition within this industry is also growing. We being non-banking financial institutions also struggling hard to cope with this challenge particularly generation of low cost funds generation which Islamic banks are enjoying at great level which support them to finance quality customer at competitive rate.

Therefore, keeping in view of usual business challenges we have planned our business strategy on following lines for 2016-17.



- Expand financing portfolio in good SMEs and consumer financing.
- Add more Shariah compliant financial product within the financing portfolio.
- Invest in Islamic capital and debt market in better yield shares and securities.
- Open new branches/business desk for business expansion and enhancement of customer portfolio.
- To further upgrade operational capacity of support function for better service to customer through efficient infrastructure and technological advancement.
- Enhance operational and risk management capacity in order to avoid unforeseen operational and business risk.
- To further improve and strengthen Shariah governance and Shariah compliance culture.
- To further develop professional and operational capacity staff members through in house and outside trainings.
- Improve IT application and IT infrastructure for enhancement of operational efficiency.

Furthermore, being Islamic Financial Institution, we are continuously aligning our corporate strategy to gain the maximum benefit of Islamic finance industry which is growing at good pace locally and worldwide. We also look forward for upcoming opportunities in Islamic Finance Industry particularly in CPEC project where massive business opportunities will be available.

However, performance of FHM may be affected due to change in business environment such as:

- Political and other disturbance within country
- Change in any regulatory or taxation policies.
- Any other force majeure.

## Shariah Compliance and Audit Mechanism

A fundamental requirement of an Islamic financial institution is that its whole business practices and operations are based on Shariah rules and principles. Islamic finance derives its value proposition from the application of Shariah contracts in financial transactions that provide for different risks and return profile. Adherence to Shariah principles under such distinct contract preserves the validity and sanctity of any Islamic financial transactions. As such, FHM committed to upholding these principles via strict observance of the Shariah Governance Framework.

Adhering to the Shariah principles, Islamic financial system encourages risk-sharing, promotes entrepreneurship, discourages speculative behavior and emphasizes the sanctity of contracts.

Alhamdulillah, the management of First Habib Modarabas continuously focus on Shariah governance and compliance culture under guidance and supervision of our worthy Shariah advisor. However, continuous efforts have been made for its further improvement.

We feel that Shariah governance is our utmost responsibility and our team is fully committed as their prime objective for its perfection and flawless processes.

A complete Shariah Audit report of Shariah Advisor for the period ended 30th June, 2016, is also attached with annual report.

## Corporate Social Responsibility

Corporate social Responsibility (CSR) is undertaking the role of "Corporate Citizen". It ensures that business values and policies are align in such a way to balance between improving and developing the wealth of business and contributing for betterment of society in an effective manner.

We always emphasis on culture of excellence, good governance, transparency, integrity and accountability.

We ensure that best business practices should be followed diligently and all activities carried out in accordance with prevailing regulations.

FHM, being a socially responsible corporate entity, has been a regular contributor to the society and communities. It has been our primary concern to ensure that contributing to community development should be continuously carried out. Our belief is that positive contribution not only redresses human suffering but also address human development as well. When making our business decisions we do consider environmental and social impacts in it for sustainable performance within whole society and at national level as well.

Since last several years FHM has been donating non-profit organization working for improvement educations, healthcare etc. FHM continues to encourage events and projects which focus on children, health and education in under privileged members of society.

FHM having the ambition to serve the community with great professionalism and zeal has been always emphasizing on following areas for better environment and sustainability.

1. Encourage staff members for avoiding of unnecessary wastage of resources such as excessive consumption of energy, less paper printing etc. Besides, an office of FHM is being made no smoking zone in order to make available better atmosphere within the premises and also support pollution free environment.
2. Motivate staff members for participation in activities which are beneficial for better environment at large.

3. Contribution on social community projects by staff members which are indeed a catalyst for any good corporate institution.
4. FHM believe in customer satisfaction has a prime concern and their association with the FHM for longer term witnesses the quality in itself. In order to keep customer interest safe, FHM, from time to time address their grievances through their feedback and regular visits.
5. FHM encourage equal opportunity employment without any discrimination whether it is gender or any disability, we believe that every human mind having talent which can be benefited to the institutions.
6. Health and safety always remain an utmost concern of the management of FHM. Within the HR policy, the staffs of FHM are covered under health and group life insurance policies with renowned insurance companies. Besides, FHM has also provided best working infrastructure and safe drinking water etc.
7. Strong internal controls are one of the main corporate objectives. FHM promote sound ethical practices within the staff members with Risk & Reward concept. FHM make stringent check on the staff working and immediately debar if any member found any unethical practice. Likewise appropriate reward also given on satisfactory performance and good behavior.
8. FHM being financial institution extends various types of financial services. While giving such services, we always make sure that business model of such customers should not involve in activity which may be harmful for environment or for the society as a whole.



We must say that FHM is continuously striving for better prosperity of people, society and other stakeholders. It is our aim to create more value for prosperity of the society and nation.

## The Board of Directors and Audit Committee

There have been no change in the Board of Directors of the Habib Modaraba Management (Pvt.) Limited (the Company), the management company of First Habib Modaraba since the Directors' report for the year ended June 30, 2015.

## Directors Training & Orientation

In order to comply with Code of Corporate Governance, the Board has arranged training program for its directors during the year.

## Board Meeting Outside Pakistan

During the year, all board meetings have been arranged at Karachi in Management Company's office and none of the meeting conducted outside Pakistan in order to avoid any extra expenses of outside meeting.

## Pattern of Certificate Holders

A Statement showing pattern of Certificate Holding of the Modaraba and additional information as at June 30, 2016 is included in this report.

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the certificates of the Modaraba during the year.

## Corporate and Financial Reporting Framework

The financial statements, prepared by the management of the modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of accounts of the modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in

preparation of financial statements. Accounting estimates used are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.
- The system of internal control, which is in place is sound in design and has been effectively implemented. It is being continuously reviewed by internal audit and other such procedures. The process of review will continue and any weakness in controls will be removed.
- Board is satisfied with the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2016 except for those disclosed in the financial statements.

## Provident Fund and Gratuity

The value of investments of provident fund and gratuity based on audited accounts as at December 31, 2015 are Rs. 42.894 million and Rs. 19.826 million respectively.

## Attendance of Board meetings

Four meetings of Board of Directors were held during the year, attendance by each director is appended hereunder.

Name of Directors	Number of meetings attended
Mr. Wazir Mumtaz Ahmed	4
Mr. Muhammad Shoaib Ibrahim	4
Mr. Abbas Ali Muhammad	4
Mr. Rasheed Akhtar	4
Mr. Mohammed Hashim	4

## Auditors

Present auditors M/s Muniff Ziauddin & Co. Chartered Accountant, are being eligible to offer themselves for reappointment as auditors for the financial year ending June 30, 2017. however their appointment will be subject to approval from Registrar Modaraba Office.

## Acknowledgement

The Board would like to express its sincere thanks and gratitude for the continued support and guidance provided by Securities & Exchange Commission of Pakistan, Registrar Modaraba Companies, Financial Institutions and State Bank of Pakistan from time to time, customers of the Modaraba for their patronage and business, Certificate holders who have remained committed to First Habib Modaraba.

In the end, the Board appreciates dedication, high level of professionalism and hard work of employees of your Modaraba for achieving excellent results.

**Muhammad Shoaib Ibrahim**  
Chief Executive Officer  
Karachi: August 30, 2016

## کارپوریٹ اور مالیاتی رپورٹنگ کا ڈھانچہ

- مضاربہ کی منجمنٹ کمپنی کی تیار کردہ مالیاتی اسٹیٹمنٹس آپریشن کے نتائج، کیش فلو اور ایکویٹی میں رد و بدل کے معاملات کی بہتر تصویر پیش کرتے ہیں
  - مضاربہ کے کھاتوں کی بکس کو مناسبت طور سے رکھا گیا
  - مالیاتی دستاویزات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو استعمال کیا گیا ہے۔ اکاؤنٹنگ تخمینوں کی بنیاد مناسب اور محفوظ اندازے ہیں۔
  - مالیاتی دستاویزات کی تیاری میں بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، جو پاکستان میں لاگو ہوتے ہیں، ان پر عملدرآمد کیا گیا اور اس سے انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
  - اندرونی نگرانی کا نظام موجود ہے اور اس کا ڈیزائن مضبوط ہے اور اس کا موثر طور پر نفاذ کیا جا چکا ہے اور انٹرئل آڈٹ اور دیگر طریقوں سے اس کی مسلسل نگرانی ہوتی ہے۔ اس جائزے کا عمل جاری رہے گا اور نظام میں کسی بھی کمزوری کو دور کر دیا جائے گا۔
  - بورڈ مضاربہ کی ایک جاری رہنے والے ادارے کے ہونے کی صلاحیت کے بارے میں مطمئن ہے۔
  - یہاں کارپوریٹ گورننس کی تفصیل سے تجویز کردہ طریقہ کار سے انحراف نہیں کیا گیا ہے
  - گذشتہ چھ سالوں کے آپریشن اور مالیات کے بنیادی اعداد و شمار مختصر اُس سالانہ رپورٹ میں شامل ہیں۔
- ۳۰ جون ۲۰۱۵ پر ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی دستوری ادائیگیاں نہیں ہیں ماسوائے ان کے جو مالیاتی اسٹیٹمنٹس میں ظاہر کیے گئے ہیں

## پروویڈنٹ فنڈ اینڈ گریجویٹی

۳۱ ستمبر ۲۰۱۵ کو آڈٹ کئے گئے اکاؤنٹس کے مطابق پروویڈنٹ فنڈ اور گریجویٹی کی مد میں سرمایہ کاری رقم بالترتیب ۸۹ء ۲۲ ملین روپے اور ۸۲ء ۱۹ ملین روپے ہیں۔

## بورڈ آف ڈائریکٹرز کی میٹنگز میں شرکت

میٹنگ میں شرکت کی تعداد

ڈائریکٹر کا نام

۴

جناب وزیر ممتاز احمد

۴

جناب محمد شعیب ابراہیم

۴

جناب عباس علی محمد

۴

جناب رشید اختر

۴

جناب محمد ہاشم

## آڈیٹرز

موجودہ آڈیٹرز میسرز منف ضیا الدین اینڈ کو، چارٹرڈ اکاؤنٹینٹس، جو ۳۰ جون ۲۰۱۷ کو اختتام پذیر سال کے لیے دوبارہ انتخاب کے لیے پیش کر سکتے ہیں۔ تاہم ان کا انتخاب رجسٹرڈ مضاربہ آفس کی منظوری سے مشروط ہے۔

## اعتراف

بورڈ سیکوریٹی ایجنسی کمیشن آف پاکستان، رجسٹرڈ مضاربہ کمپنیز مالیاتی ادارے اور بینک دولت پاکستان ان کے وقفاً وقفاً مسلسل تعاون اور رہنمائی کی تہہ دل سے شکریہ اور ممنونیت کا اظہار کرنا چاہتا ہے اور مضاربہ کے گاہکوں کی سرپرستی اور کاروبار کا اور مضاربہ کے سرٹیفیکیٹس رکھنے والوں کا جو فرسٹ حبیب مضاربہ کت ساتھ جڑے رہے۔

آخر میں بورڈ آپ کے مضاربہ کے ملازمین کی لگن اور پائے کی پیشہ ورانہ خصوصیات کی تعریف کرتا ہے جس کی وجہ سے اعلیٰ نتائج کا حصول ممکن ہو سکا۔

محمد شعیب ابراہیم

چیف ایگزیکٹو آفیسر

کراچی: ۳۰ اگست ۲۰۱۶

- ۱ اپنے عملے کی حوصلہ افزائی کرتے ہیں کہ وہ دفتر میں توانائی اور کاغذوں کی چھپائی کے غیر ضروری استعمال سے پرہیز کریں۔ اس کے علاوہ ایف ایچ ایم کے دفتر کو سگریٹ نوشی سے پاک علاقہ قرار دے دیا گیا ہے تاکہ آلودگی سے پاک ماحول فراہم ہو سکے۔
  - ۲ عملے کے ارکان کو ترغیب دی جائے کہ ایسی سرگرمیوں میں حصہ لیں جو ماحول کو بہتر بنانے میں معاون ہوں
  - ۳ معاشرے کے کمیونٹی پروجیکٹس میں عملے کے ارکان کا حصہ لینا جو ایک اچھے کارپوریٹ ادارے کے لیے اہم ہے۔
  - ۴ ایف ایچ ایم اپنے گاہکوں کے اطمینان اور ان کی ایف ایچ ایم سے طویل المدتی وابستگی کو اہم سمجھتی ہے اور ان کی شکایات کو دور کرنے کے لیے ان سے ان کی آراء بھی لیتی رہتی ہے۔
  - ۵ ایف ایچ ایم ہلاکی جنس یا معذوری کی تخصیص کے ملازمت فراہم کرتی ہے اور اس بات پر یقین رکھتی ہے کہ ہر شخص میں اہلیت ہے جسے ادارے کے فائدے کے لیے استعمال کیا جاسکتا ہے۔
  - ۶ ایف ایچ ایم کی انتظامیہ کے لیے صحت اور سیفٹی انتہائی اہمیت کے معاملات ہیں۔ ایف ایچ ایم کی ایچ آر پالیسی کے تحت عملہ کی صحت اور گروپ انشورنس معروف انشورنس کمپنیوں سے کروایا گیا ہے۔ اس کے علاوہ ایف ایچ ایم نے ان کو بہترین کام کا ماحول بشمول صاف پانی کی فراہمی کی ہے۔
  - ۷ مضبوط اندرونی کنٹرول اہم مقاصد میں سے ایک ہے۔ ایف ایچ ایم اپنے ملازمین میں مضبوط اقدار کی پریکٹسز کو فروغ دینے پر زور دیتی ہے جو سزا اور انعام کے تصور پر قائم ہے۔ ایف ایچ ایم عملے کے کام کی کڑی سے نگرانی کی جاتی ہے اور اگر کوئی ان اقدار سے انحراف کرتا ہے تو اس نوکری سے درخواست کر دیا جاتا ہے۔ اسی طرح سے مناسب کارکردگی اور رویوں انعام دیا جاتا ہے۔
  - ۸ ایف ایچ ایم جو ایک مالیاتی ہونے کے ناطے متعدد اقسام کی مالی خدمات فراہم کرتی ہے۔ ایسی خدمات فراہم کرتے ہوئے اس بات کو یقینی بناتی ہے کہ اس کے گاہک بھی کسی بھی ایسی سرگرمی میں ملوث نہ ہوں جو مجموعی طور پر ماحول کے لیے نقصان دہ نہ ہوں۔
- ہمیں یہ کہنا چاہیے کہ ایف ایچ ایم لوگوں، معاشرے اور اپنے شرکاء مفاد کی بہتری کے لیے مسلسل کوشش کر رہی ہے۔ ہمارا مقصد یہ ہے کہ ہم معاشرے اور قوم کے لیے زیادہ اہمیت کی چیزوں کو پیدا کرے۔

## بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی

۳۰ جون ۲۰۱۵ کو اختتام پذیر سال کی ڈائریکٹرز کی رپورٹ میں درج حبیب مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ (کمپنی) جو فرسٹ مضاربہ کی سرپرست کمپنی ہے، اس کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں ہوئی

## ڈائریکٹرز کی ٹریننگ اور سمت کا تعین

سال کے دوران کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے ڈائریکٹرز کی ٹریننگ کا انتظام کیا گیا۔

## بیرون پاکستان بورڈ میننگ

سال کے دوران تمام بورڈ میننگس کراچی میں واقع مینجمنٹ کے آفس میں ہوئیں اور غیر ضروری اخراجات سے بچنے کے لیے کوئی بھی میننگ پاکستان سے باہر نہیں ہوئی۔

## سرٹیفیکیٹ رکھنے والوں کا رجحان

۳۰ جون کو اختتام پذیر سال کی اس رپورٹ میں ایک دستاویز منسلک ہے جس میں مضاربہ کے سرٹیفیکیٹ رکھنے والے رجحان اور دیگر معلومات درج ہیں۔ سال کے دوران کسی بھی ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکریٹری اور ان کی شریک حیات اور نابالغ بچوں نے مضاربہ کے سرٹیفیکیٹس کا کوئی لین دین نہیں کیا۔

- اپنی افرادی قوت کی مناسب ٹریننگ ان کی آپریشن کی استعداد میں اضافہ کرنا
- ٹیکنالوجی کے جدید پہلوؤں کا احاطہ کرتے ہوئے اس کی استعداد میں اضافہ کرنا
- آپریشن پر اسسز کو بہتر کرنے اور گاہکوں تک پہنچانے کے لیے نئے اور موثر طریقہ کار کو متعارف کروانا۔

علاوہ ازیں، ایک اسلامی مالیاتی ادارہ ہونے کے ناطے، ہم مقامی اور بین الاقوامی طور پر اچھی رفتار سے ترقی کرتی ہوئی اسلامی فنانس کی صنعت، سے زیادہ فائدہ حاصل کرنے کے لیے اپنی کارپوریٹ کے لائحہ عمل کو اس سے مسلسل ہم آہنگ کر رہے ہیں۔ ہم CPEC منصوبے سے، بہت زیادہ دستیاب ہونے والے مواقع سے اسلامی فنانس کی صنعت کے لیے پیدا ہونے والے مواقعوں پر بھی نظر رکھے ہوئے ہیں۔

## شریعہ کا نفاذ اور آڈٹ میکینزم

اسلامی فنانس ادارے کی بنیادی ضرورت ہے کہ اس کی تمام پریکٹسز اور آپریشنز بنیاد شریعہ کے قوانین اور اصول ہیں۔ اسلامی فنانس مالیاتی لین دین کے شریعہ معاہدے، جو مختلف خطرات اور ٹرنز کا خاکے سے قیمتی تجاویز حاصل کرتا ہے۔ ایسے منفرد معاہدے میں شریعہ کے اصولوں کی پاسداری سے کسی بھی اسلامی فنانس کے لین دین کے موثر ہونے اور اس کی حرمت کو تحفظ دیتا ہے۔ ایف ایچ ایم ان اصولوں پر قائم رہنے کے لیے پرعزم ہے کہ اس پر سختی کے ساتھ شریعہ عملدرآمد گورننس کے ڈھانچے عملاً مدد کر دے۔

شریعی اصولوں سے اسلامی فنانس کا نظام خطرات کی شراکت کی حوصلہ افزائی کرتا ہے، ذاتی کاروبار میں ترقی دیتا ہے، کاروبار میں سٹہ بازی کے رویوں کی حوصلہ شکنی کرتا ہے اور معاہدوں کی حرمت پر زور دیتا ہے۔

الحمد للہ، فرسٹ حبیب مضاربہ کی مینجمنٹ کی، اپنے معزز شریعہ ایڈوائزر کی زیر نگرانی، مسلسل توجہ شریعہ گورننس اور اس کے نفاذ کلچر پر رہتی ہے۔ اس میں مزید بہتری کے لیے مسلسل کوششیں کی جاتی رہی ہیں۔

ہم محسوس کرتے ہیں کہ شریعہ گورننس ہماری حتی المقدور ذمہ داری ہے اور ہماری ٹیم اس کے لیے بطور بنیادی مقصد کے حصول کے لیے ہر طرح سے پرعزم ہے کہ اس کے پریسیسز کی جامعیت اور اس کے غلطی سے مبراہ ہونے کے لیے۔

۳۰ جون ۲۰۱۶ کو اختتام پذیر سال کی شریعہ ایڈوائزر کی مکمل آڈٹ رپورٹ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

## کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داری (سی ایس آر) بطور "کارپوریٹ شہری" کا کردار ادا کرنے کا عہدہ ہے۔ یہ اس بات کو یقینی بناتی ہے کہ کاروباری اقدار اور پالیسیاں ہمیشہ اس بات کو یقینی بنائیں کہ کاروبار کی دولت میں بہتری اور اضافہ ہونے اور معاشرے کی فلاح و بہبود کرنے کے کام میں توازن قائم رکھا جائے۔

ہم ہمیشہ شاندار کلچر، اچھی گورننس، شفافیت، سالمیت اور احتساب پر زور دیتے ہیں۔

ہم اس بات کو بھی یقینی بناتے ہیں کہ بہترین کاروباری طریقہ کار دلچسپی سے تمام سرگرمیوں میں موجودہ مروجہ قوانین کے مطابق استعمال کیا جائے۔

ایف ایچ ایم ایک سماجی ذمہ دار ادارہ ہونے کے ناطے ہمیشہ سے معاشرے اور کمیونٹیز کی متوازن ترقی و ترقی دیتا رہا ہے۔ یہ ہمارا بنیادی مقصد ہے کہ اس بات کو یقینی بنایا جائے کہ کمیونٹیز کی ترقی کے کاموں تسلسل سے کیا جاتا رہنا چاہیے۔ ہمارا یہ یقین ہے کہ ایسے کاموں میں مثبت حصہ لینے سے نہ صرف انسانوں کی پریشانیوں کو حل کرتا ہے بلکہ ان کی ترقی بھی کرتا ہے۔ ہم انجین فیصلہ سازی میں ان کے ماحول اور معاشرت پر اثرات کو نظر میں رکھتے ہیں کہ وہ کس طرح پائیدار کارکردگی معاشرتی اور ملکی سطح پر اثر انداز ہوتی ہے۔

گذشتہ کئی سالوں میں ایف ایچ ایم صحت اور تعلیم کے لیے بناء منافع کے کام کرنے والے اداروں کی مالی سرپرستی کرتی رہی ہے۔ ایف ایچ ایم ایسے کام اور منصوبے جو معاشرے کے کم مراعات یافتہ بچوں، صحت اور تعلیم کے ساتھ تعاون جاری رکھے گی۔

ایف ایچ ایم کی یہ آرزو ہے کہ وہ کمیونٹی کی بہت ہی پیشہ ورانہ اور جذبے کے ساتھ خدمت سرانجام دے تاکہ ماحول میں بہتری اور پائیداری آئے اور اس کے لیے مندرجہ شعبوں میں کام کرتے رہیں گے؛



دنیا بھر میں اسلامک فنانس سرمایہ کاری کی ترقی کے ایک موثر آلے کے طور پر ابھر کر سامنے آئی ہے۔ بڑی مالیاتی مارکیٹیں اسلامی فنانس کے بارے میں مضبوط شہادتیں دریافت کر رہی ہیں اور یہ عالمی سرمایہ کاری کے نظام کے مرکزی دھارے میں شامل ہو چکی ہے اور اس میں یہ صلاحیت ہے کہ یہ انتہائی غربت کو دور کرنے اور مشترکہ خوشحالی کو بڑھانے میں مدد دے۔

اس وقت ایس ای سی پی مضاربہ کے ریگولیٹری فریم ورک مثلاً مضاربہ آرڈیننس، اور مضاربہ رولز اینڈ پروڈیشنل ریگولیشنز میں تبدیلی کے عمل میں مصروف ہے زیادہ تر مجوزہ تبدیلیاں، مانیٹرنگ کے معیار، شفاف انتظامی امور اور قوانین پر عمل درآمد کے کلچر کو فروغ دینے میں معاون ثابت ہوں گے جس سے مضاربہ سیکٹر کو ٹھوس بنیادوں پر کھڑا کرنے کی جانب اہم پیش رفت ہوئی۔ تاہم چند مجوزہ تبدیلیوں پر این بی ایف آئی ایسوسی ایشن نے چند تحفظات کا اظہار کیا ہے اور ایسی تجاویز میں مناسب تبدیلی کرنے یا انہیں ختم کرنے کی گزارش کی ہے ایسوسی ایشن مضاربہ قوانین کو جدید بنانے کے لیے ریگولیٹرز کے ساتھ مل کر کام اور مذاکرات کر رہی ہے۔

ہم، جاپان-پاک معاشی راہداری (CPEC) کے تحت منصوبوں سے ملکی سطح پر معاشی سرگرمیوں کو بڑھتے ہوئے دیکھتے ہیں جو متعلقہ صنعت کی ترقی میں مددگار ثابت ہوگی اور اس طرح سے کمیٹیڈ مل سرمایہ کاری کی بنیاد بڑھائے گی۔ اسلامی فنانس کی صنعت کو بھی شریعہ کمپلائنس طریقے کی سرمایہ کاری کے زیر اہتمام مقامی سرمایہ کاری کے منصوبوں سے فائدہ ہوگا۔

ایک معروف مضاربہ ہونے کے ناطے، ہم سمجھتے ہیں کہ ہم بہتر پوزیشن میں ہیں کہ آنے والے سال میں پاکستان میں دستیاب مواقعوں سے فائدہ اٹھا سکیں۔ ایف ایچ ایم پر عزم ہے کہ وہ بطور مضبوط اور معروف مضاربہ کے اپنی حیثیت کو مضاربہ سیکٹر میں برقرار رکھ سکے۔ موجودہ حالات میں ہم پر عزم ہیں اپنی متوازن ترقی کے لائحہ عمل اور معیاری اثاثہ جات کے پورٹ فولیو کو بنانے کے عمل کو برقرار رکھیں۔ اپنے لائحہ عمل کی ترجیحات کو مد نظر رکھتے ہوئے اپنی بنیادوں کی مضبوط تعمیر اور کارکردگی کے اعلیٰ معیار کی سست تعین کرتے رہیں۔

## مستقبل کا لائحہ عمل

سال ۲۰۱۶-۲۰۱۷ پھر مالیاتی اداروں کے منفع بخش ہونے کے حوالے سے مشکل سال ہو گا۔ ہم دیکھتے ہیں کہ اسلامی مالیاتی اداروں کے لیے خاص طور پر اثاثہ جات کی بکنگ کروانے کے لیے قرضہ دینے کے کم ہوتے ہوئے نرخ ہماری صنعت کے لیے مشکل وقت ہو گا۔ گورنمنٹ بانڈز پر موجودہ کم منافع ہونے کی وجہ سے تجارتی بینک جارحانہ طور پر اچھے نرخوں پر سرمایہ حاصل کرنے کی جستجو کر رہے ہیں۔ اسلامی مالیاتی صنعت پاکستان کی مالیاتی مارکیٹ میں اچھی رفتار سے ترقی کر رہی ہے۔ اس ترقی سے اس صنعت میں ایک صحت مندانہ مقابلے کا رجحان بھی بڑھ رہا ہے۔ ہم ایک غیر بینکنگ مالیاتی ادارہ ہونے کی وجہ اس چیلنج سے نمٹنے کے لیے کوشش بھی کر رہے ہیں خاص طور پر کم قیمت کی فنڈز پیدا کرنے کے لیے جس سے اسلامی بینک مزے میں ہیں جو ان کو معیاری گاہکوں کو مسابقتی نرخوں پر قرضہ کرتے ہیں۔

ان غیر معمولی چیلنجوں کو مد نظر رکھتے ہوئے ہم نے ۲۰۱۶-۲۰۱۷ کے لیے اپنے کاروبار کے لائحہ عمل کی منصوبہ بندی مندرجہ ذیل خطوط پر کی ہے۔

- تنوع اور بہتر کاروباری منافع کے لیے نئے کاروباری اداروں پر توجہ دیں۔

- چھوٹے کاروبار کرنے والوں کو تجارتی گاڑیاں خاص طور پر تجارتی ٹرکس کے لیے قرضہ کی فراہمی

- فیس کی بنیاد پر بڑھنے والی آمدنی کے لیے لائف ٹیکافل کی پروڈکٹس کی فروخت۔

- تاجروں اور ذاتی کاروبار کرنے والوں کے لیے کار کے لیے قرضہ کی فراہمی کے لیے پروڈکٹ ڈیزائن کی جاچکی ہے اور اس سال کے دوران پیش کر دی جائے گی۔

- اس سال مارگنل فنانسنگ کی پروڈکٹس کو اپنے پورٹ فولیو میں شامل کیا گیا اور کچھ گاہکوں کو فراہم کی گئی لیکن اس سال اس پروڈکٹ کو اونچی خالص مالیت رکھنے والے کارپوریٹ ملازمین کے ذریعے سے اس میں اضافہ کیا جائے گا۔

- محتاط جائزہ اور تحقیق کے بعد مشارکہ یا مضاربہ کی بنیاد پر اجناس کے لیے قرضہ کی فراہمی۔

- پورٹ فولیو میں نئے اور اچھے گاہکوں کا اضافہ کرنا

- مارکیٹ تک رسائی میں اضافے کے لیے پنجاب اور خیبر پختون خواہ (کے پی) میں نئی برانچوں کا کھولنا

- خاص طور پر ریٹیل ڈپازٹس کے حجم کی بنیاد میں اضافہ کرنا

- شریعہ کی پر عمل درآمد کرنے والی زیادہ منافع دینے والے مضبوط اور پائیدار لسٹڈ کمپنیاں میں سرمایہ کاری میں اضافہ کرنا۔

- رسک مینجمنٹ پراسس، خاص طور پر کریڈٹ اور آپریشن کے طریقہ کار کو مزید مضبوط بنانا۔

- شریعہ گورننس اور نفاذ کے کلچر کو مزید مضبوط بنانا

- مالیاتی رپورٹنگ کا قابل بھروسہ ہونا۔
- اثاثہ جات اور وسائل کا تحفظ کرنا۔
- مجوزہ قواعد اور قوانین پر عمل درآمد کرنا۔
- پورے ادارے میں رپورٹنگ کا نظام بہتر بنانا۔

عمل درآمد کنٹرول سسٹم کا سب سے اہم ذریعہ ہوتا ہے۔ جس کے بغیر کوئی ادارہ کسی بھی خطرے یا رسک کے خلاف مزاحمت کا ہدف حاصل نہیں کر سکتا۔ کمپنی کو بہتر انداز سے چلانے کیلئے عمل درآمد ضروری ہوتا ہے چاہے وہ ریگولیٹری ضابطے ہوں۔

ہر سطح پر کنٹرول کو بہتر بنانے کیلئے ٹھوس اقدامات کیے جاتے ہیں اور اس کے لیے تسلسل کے ساتھ جائزہ لینے، کنٹرولز میں خامیوں کو دور کرنے کیلئے طریقہ کار کو بہتر بنانے اور غلطیاں درست کرنے جیسے اقدامات کیے جاتے ہیں۔ یہ ڈیپارٹمنٹ ریگولیٹری تقاضوں پر عمل درآمد کو بھی یقینی بناتا ہے۔ ایف ایچ ایم کی انٹر نل پالیسیاں اور طریقہ کار میں KYC، AML اور شریعہ آڈٹ کے طریقہ کار پر توجہ دی گئی ہے۔ انٹر نل آڈٹ کا دائرہ کار آزاد ہے جس کا اہم کام ایف ایچ ایم سرگرمیوں کو کنٹرول کرنے کیلئے کنٹرول موثر اور کافی ہونے کا جائزہ لیتا ہے۔ اس کے ساتھ تمام پالیسیوں پر عمل درآمد کرنا بھی اس کی ذمہ داری ہے۔ انٹر نل آڈٹ کے جائزے کے دوران ملنے والے حقائق سے بورڈ کی آڈٹ کمیٹی کو بھی آگاہ کیا جاتا ہے۔ یہ آڈٹ کمیٹی عمل درآمد کی نگرانی کرتی ہے تاکہ نشاندہی کیے جانے والے رسک کو کم کیا جائے اور اداروں کے مفادات کا تحفظ کیا جائے۔

پورے سال کے دوران درج ذیل کنٹرول کے فریقہ کار سے مزید استحکام آئے گا

- رسک کی نئی کسوٹیوں اور اسکے لیے کنٹرول بنانے کی نشاندہی کی گئی ہے۔
- سسٹم سے متعلق آڈٹ کا دائرہ کار عمل درآمد کی سطح بڑھا کر اسے جنرل آئی ٹی پلٹ فارم تک وسعت دی گئی ہے۔
- ادارے کے دیگر حصوں میں بھی آڈٹ کو شامل کرنا۔
- اس سال کے دوران شریعہ آڈٹ پر عمل درآمد کے حوالے سے سخت نگرانی کی گئی۔
- سسٹم کنٹرول ڈیزائن اور اس پر موثر عمل درآمد کیلئے IERP پیکجیشن کو مربوط کرنا۔

اس سے کنٹرول اور عمل درآمد کے ماحول کو مزید بہتر بنایا ہے جس میں معیاری انسانی وسائل اور انتظامی طریقہ کار پر بھی توجہ دی گئی ہے۔

کمپنی جتنا اپنے کنٹرول سسٹم اور متعلقہ امور پر توجہ دے گی اتنا ہی کنٹرول سسٹم بہتر ہو گا۔ جس سے کمپنی محفوظ ہو جائے گی اور مستند مالیاتی رپورٹس اور دستاویزی Compliance کے مقاصد حاصل ہوں گے اگر کمپنی کا انٹر نل کنٹرول سسٹم بہتر ہو گا تو پورا سسٹم بہتر ہو جائے گا جس سے END USER کو فائدہ ہو گا۔

### مستقبل کا کاروباری خاکہ

بین الاقوامی معیشت کی ترقی ناسازگار ہونے کی وجہ حالیہ واقعات ہیں جن میں برطانیہ کے یورو پیون یونین سے انخلا، دنیا بھر میں پھیلے ہوئے دہشت گردی کے واقعات اور آنے والے امریکی انتخابات شامل ہیں جس کی وجہ سے دنیا بھر کے کاروبار میں اونچے درجے کی بے یقینی کی کیفیت پیدا کر رہے ہیں۔ یہ توقع کی جا رہی ہے کہ عالمی ترقی ملکوں اور علاقوں میں غیر متوازن اور کمزور ہو جائے گی۔ تیل اور اجناس کی قیمتوں میں کمی ترقی کی نچلے درجے پر رکھیں گی۔ کم تر اجناس کی قیمتیں کی وجہ سے کم آمدنی والی ترقی پذیر معیشتوں کو کافی سالوں کی مضبوط ترقی کے بعد ان کے لیے خطرات لاحق کر دیں گی۔

پاکستان نے مالی سال ۲۰۱۵-۱۶ میں پر زور ترقی کو برقرار رکھا اور اس بات کی توقع کی جا رہی ہے موجودہ سال میں بھی بہتر ترقی ہوگی۔ گزشتہ سال کی اطمینان بخش ترقی زراعت میں فصلوں میں بھاری نقصانات کے باوجود تھی۔ گزشتہ تین سالوں میں گورنمنٹ نے غیر معمولی کارکردگی دکھا کر معیشت کی صورت حال کے بارے میں تصور کو یکسر بدل دیا ہے۔ پاکستان کی مالیاتی شعبے اثاثہ جات کی سائز اور منافع بخش ہونے کے حوالے سے اچھی ترقی رکھ رہی ہے۔

اسلامی بینکنگ کی صنعت نے اس کے متعارف کروائے جانے کے بعد سے خاصی ترقی کی ہے اور مجموعی بینکنگ کی صنعت میں اثاثہ جات کے سائز کے حوالے سے اس کا حصہ ۱۳ فیصد تک پہنچ رہا ہے۔ اسلامی بینکنگ کی برانچوں کا جال ملک بھر میں مسلسل تیزی سے پھیل رہا ہے اور شریعہ کمپلائنس مالیاتی پروڈکٹس کی مانگ بھی بڑھ رہی ہے۔

انٹرنیٹ بینکنگ اور دیگر پروڈکٹ اور خدمات کی ڈیلیوری کا ایک اہم ذریعہ کے طور پر ابھر کر سامنے آیا ہے ایف ایچ ایم کے پاس آن لائن براؤزنگ کا ایک وسیع نیٹ ورک ہے جس کے ذریعے کسٹمرز کو بلا تعطل خدمات فراہم کی جاتی ہیں۔ ایف ایچ ایم کے پاس ایک جامع آئی ٹی سیکورٹی پالیسی ہے جس کے ذریعے کسٹمرز کا ڈیٹا محفوظ رہتا ہے اور محفوظ نیٹ ورک کے ماحول میں مالیاتی لین دین ممکن ہو جاتا ہے۔

بزنس انٹیلی جنس (BI) تیز اور بھری ڈیٹا کے ذریعے بہتر معلومات فراہم کرنے میں اہم کردار ادا کر رہی ہے۔ ڈیٹا کو خاص طور پر الگ ٹرانزیکشن اور ERP سسٹم میں رکھا جاتا ہے۔

(B-I) ایف ایچ ایم کی حکمت عملی کا ایک اہم حصہ ہے جس کے ذریعے ایف ایچ ایم اپنے کسٹمرز کے ڈیٹا کو مختلف سسٹمز سے کا آ مد معلومات کو ایک جگہ اکٹھا کرتا ہے۔

B - I کے (Tools) ایف ایچ ایم کو اپنے کسٹمرز کے ڈیٹا پر ایک نظر ڈالنے اور اسے اپنے بزنس کے لیے استعمال کرنے میں مدد فراہم کرتے ہیں ہمارے پیشہ ورانہ آئی ٹی ڈیپلیرز نے مختلف رپورٹس، ڈیش بورڈز اور آئی ٹولز بنانا شروع کیا تاکہ انتظامیہ کو فیصلہ سازی اور منصوبہ بندی کے عمل میں مدد فراہم کی جاسکے۔ آئی ٹی کامیاب مالیاتی بزنس ماڈل کا ایک مرکزی جزو ہے۔ ایف ایچ ایم کا ٹیکنالوجی ڈیپارٹمنٹ کا مقصد تمام Processes کو یکجا کرنا، لاگت میں کمی، انسانی غلطیوں کو کم کرنا، کام کی رفتار کو تیز کرنا اور پیداوار کو بڑھانا ہے، نئے چیلنجز سے نمٹنے کے لیے ٹیکنالوجی میں سرمایہ کاری کرنے ٹیکنالوجی کے اسٹریکچر کو آپ گریڈ کرنا اور نئے ٹیکنالوجی حل کو متعارف کرنا ہے۔

- شریعہ پر عمل درآمد کے حوالے سے انفارمیشن سسٹم
- ڈیٹا مراکز کے ماحول کا ایک جائزہ
- انٹرنیٹ کے شعبے کو مضبوط کرنا
- مواصلاتی ذرائع کے توسط سے لوگوں کی شکایت کا ازالہ کرنے کے نظام میں توسیع دینا
- میڈیا آپ گریڈیشن کے ذریعے براؤنچ اینڈ کو ۱۲ ایم پی ایس پر لانا
- ہم اس بات پر پختہ یقین رکھتے ہیں کہ ٹیکنالوجی کے سپورٹ کے بغیر بزنس میں جدت اور اضافے کا ہدف حاصل نہیں کیا جاسکتا انتظامیہ ٹیکنالوجی میں ہونے والی ترقی کی اہمیت سے پوری طرح آگاہ ہے اور اپنی پوری توجہ ترجیحی بنیاد پر اس شعبے پر دے رہی ہے۔

## ٹرینگ اینڈ ڈیولپمنٹ

انسانی وسائل کی ترقی (HRD) ایک اہم اور جامع انتظامی شعبہ ہے جس میں پالیسیاں، قوانین، انتظامی ڈھانچہ کی تشکیل شامل ہے۔ جس سے تنظیم اپنے سب سے زیادہ اہم وسائل یعنی لوگوں پر توجہ دینے کے قابل ہو جاتی ہے۔ ایف ایچ ایم کی انتظامیہ نے ہمیشہ اس بات میں یقین ظاہر کیا ہے کہ انسانی وسائل میں سرمایہ کاری کے ذریعے اُن کے پیشہ ورانہ تعلیم میں اضافے کے ذریعے ہمیں اپنی صلاحیت بڑھانے میں مدد ملی ہے۔ جس سے بلا آخر ایف ایچ ایم کو ہی فائدہ ہوا ہے۔ شروع میں مالیاتی لاگت کے باوجود اسٹاف کو فراہم کی جانے والی تربیت نے ہمیں اپنی سرمایہ کاری منافع کے ساتھ لوٹائی ہے۔ ہم سمجھتے ہیں کہ تربیت سے عملے میں چمک آتی ہے اور اُن کی صلاحیتوں میں اضافہ ہوتا ہے۔ یہ اپنے سرمائے کو اپنے پاس رکھنے کا ایک ذریعہ بھی ہے۔ ہماری تربیت کی توجہ کا مقصد نہ صرف دوران ملازمت تربیت فراہم کرنا ہے بلکہ ہم اپنے ملازمین کو ہنرمند بنانے کے لیے اُن کی حوصلہ افزائی کرتے ہیں۔ تاکہ وہ زیادہ مصروف ہیں اور اپنی چھپی ہوئی صلاحیتوں کو ظاہر کریں۔ اور مزید آگے بڑھنے میں ادارے کا ساتھ دیں۔

## انٹرئل کنٹرول

انٹرئل کنٹرول کو کسی بھی ادارے کی ریڈھ کی بڑی تصور کیا جاتا ہے۔ کیوں کہ ادارے کو اپنے مقاصد کے حصول کی راہ میں پیدا ہونے والے خطرات میں ادارے کو بہتر انداز سے چلانے کو یقینی بنانا ہے۔ انتظامیہ ہمیشہ سے ایسے کنٹرول سسٹم کو قائم کرنے کی خواہشمند ہوتی ہے۔ جس تمام فریقین کے مفادات کا تحفظ ہو سکے چاہے وہ ریگولیٹرز ہوں یا شیئرز ہولڈرز وغیرہ۔

انٹرئل کنٹرول کو موثر بنانے کیلئے اس سسٹم کی ڈیزائن میں شامل کیا جاتا ہے۔ اور ایسے کسی بھی رسک کا سراغ لگانے کیلئے تمام کمزوریوں کو مد نظر رکھنا ضروری ہوتا ہے۔ اس لئے گہری سوچ کا ہونا لازمی ہوتا ہے۔ ایف ایچ ایم کی انتظامیہ انٹرئل کنٹرول کا موثر نظام اور طریقہ کار قائم کرنے اور چلانے کیلئے ذمہ دار ہے۔ انٹرئل کنٹرول کے اہم مقاصد درج ذیل ہیں۔

- نظام کار کا موثر اور قابل ہونا۔
- کمپنی کی پالیسیوں اور منصوبوں کے مطابق ہونا۔

- **اضافی لیکوڈیٹی:** ہم خراب حالات میں دیگر ضروریات کو پورا کرنے کے لیے نقد ادا نیگیوں کے لیے اپنے پاس ضرورت سے زائد لیکوڈیٹی رکھتے ہیں، ہم اپنے لیکوڈ فنڈز کو اس طرح انویسٹ کرتے ہیں کہ وہ سیکورٹی اور لیکوڈیٹی کے طور پر استعمال کیے جاسکیں۔
- لیکوڈیٹی کی ضروریات متعلقہ شعبہ باقاعدگی کے ساتھ دیکھتا ہے اس شعبہ کی یہ بھی ذمہ داری ہے کہ خراب صورت حال میں بھی قلیل مدت کی ادا نیگیوں کے لیے فنڈز کی دستیابی کو یقینی بنایا جائے ہم اپنی لیکوڈیٹی اس طرح برقرار رکھتے ہیں کہ صحیح یا خراب حالات میں واجبات کی بروقت ادائیگی یقینی ہو سکے۔
- کمپنی اپنے رسک مینجمنٹ کے عمل پر مضبوط کنٹرول کا نظام رکھتی ہے ایک موثر نظام کے تحت کنٹرول کا مضبوط نظام بنایا گیا ہے جس کے اندر رسک کی تشخیص اور اس کا تجزیہ کرنے کا نظام پہلے سے ہی موجود ہوتا ہے۔ کمپنی کے پاس ایک ایسا انفرمیشن سسٹم بھی موجود ہے جہاں سے باقاعدگی کے ساتھ آزادانہ رپورٹ اور تجزیہ جاری کیا جاتا ہے تاکہ مربوط پالیسیوں اور طریقہ کار کے تحت ممکنہ رسک کا جائزہ لیا جاسکے۔

## رسک مینجمنٹ کے کنٹرول اور اصول

- کاروبار اور آپریشن کے لیے موثر رسک مینجمنٹ کے نظام کے لیے ہم کاروبار اور درج ذیل اصولوں پر توجہ دیتے ہیں جس سے ہم رسک اور منافع کے درمیان مناسب توازن برقرار رکھ سکیں۔
- ہر سطح پر سینئر مینجمنٹ کو رسک کے بارے میں آگاہی دینے کا ایک جامعہ اور شفاف نظام
- آزاد کنٹرول کا نظام جو بزنس رسک مینجمنٹ کی صلاحیتوں کو مانیٹر کرتا ہے اور اس کی سرگرمیوں پر بھی نظر رکھتا ہے۔
- ہم بورڈ آف ڈائریکٹرز کی ہدایات کی روشنی میں اپنے پرسنل اور کنٹرول کو اپنی کاروباری اور قوانین کی تعمیل ضروریات کی بنیاد پر اند کی تجدید کرتے رہتے ہیں۔ مندرجہ ذیل سال کے دوران اس عمل کے ساتھ ہمارا وسیع نقطہ نظر مندرجہ ذیل ہے:
- رسک مینجمنٹ کے طریقہ کار اور نقطہ نظر میں بہتری لانے کے لیے تباہی سے بحالی کے لیے باقاعدگی سے فرضی مشقیں کرتے رہنا۔
- روزمرہ کے پیش آنے والے رسک کے بارے میں مخصوص عملے کی آگاہی میں بہتری لانا۔
- سیکورٹی کی دستاویزات کی دباؤ کی میسجنگ کی صلاحیت کو تازہ دم اور دوبارہ سے توانائی دینا۔
- سیکورٹی دستاویزات کے تحفظ اور کنٹرول کے پہلوؤں میں اضافہ کرنا۔
- سیکورٹی وال کو اپلیکیشن اور ہارڈ ویئر کے لیے مضبوط بنانا
- گاہکوں کی ادائیگی کے رجحان کا جائزہ لیکرو صولیابی کے طریقہ کار کو مضبوط بنانا۔
- سی آئی بی کے ذریعے گاہکوں کے قرضہ لینے کے رجحان کا باقاعدگی سے جائزہ لینا۔
- شریعی عدم تعمیل کے رسک کو کم سے کم کرنے کے لیے شریعہ کے جائزہ کے میکانزم کو بہتر کرنا
- تسلسل سے عمل کی ٹریگ کے ذریعے ان کی مہارت کو بڑھانا۔
- فنانسنگ پورٹ فولیو کے کریڈٹ رسک، جس میں شامل ہیں گاہکوں کا اندازہ، اثاثہ جات کا تخمینہ، معائنہ، سیکر اور پروڈکٹس کا تجزیہ، کو مضبوط کرنا

## انفارمیشن ٹیکنالوجی

انفارمیشن ٹیکنالوجی نے جدید زندگی کے تمام پہلوؤں کو متاثر کیا ہے ڈیجیٹل انفارمیشن غیر معمولی شرح کے ساتھ اضافہ ہو رہا ہے یہ مالیاتی شعبہ کا اہم حصہ بن گئی ہے جس سے موثر طور پر کام کرنے اور کسٹمرز کی شکایات جلد اور بہتر نمونے حل کرنے میں مدد ملی ہے۔ انفارمیشن اور مواصلاتی ٹیکنالوجی کے اثرات تمام شعبوں میں محسوس کیے جاتے ہیں خاص طور پر جدید مالیاتی نظام میں ان کی اہمیت اور زیادہ ہے۔

انفارمیشن ٹیکنالوجی سے حساس پراڈکٹس کے فروغ نے بنیادی ڈھانچے میں بہتری، رسک کو کنٹرول کرنے کے لیے جدید اور قابل بھروسہ طریقوں کے استعمال، لاگت میں کمی اور مالیاتی اداروں کو مختلف منڈیوں تک رسائی آسان ہوئی ہے۔ انٹرنیٹ کے مالیاتی اداروں کے ڈیجیٹل چیلنجز پر اہم اثرات پڑتے ہیں۔



## کریڈٹ رسک مینجمنٹ

- ادائیگی سے قبل ہر چیز کا غور اور باریک بینی سے جائزہ لینا
- قرضوں کے بدلے رکھے گئے اثاثہ جات کا رسک اور ان کی مارکیٹ میں قیمتوں کا جائزہ لینا
- مخالف فریق کے ڈیفالٹ کرنے کی صورت میں وسائل کی دستیابی کا جائزہ لینا
- فرم کی موجودہ اور ممکنہ قرضوں کی ادائیگی کی صلاحیتیں یا فریق مخالف کے ڈیفالٹ کی صورت میں پیدا ہونے والے رسک کا تخمینہ لگانا
- قرض حاصل کرنے والی فرم کے دیگر قرضوں کی ادائیگی سے متعلق معلومات کو سینٹرڈ کام تک اور بورڈ کو پہنچانا۔ رسک کم کرنے کے طریقوں میں موثر کنٹرول بھی شامل ہے۔

## مارکیٹ رسک مینجمنٹ

ایف ایچ ایم میں مارکیٹ رسک کی یہ صورتیں ہو سکتی ہیں۔

- منافع کی شرح کا رسک: ایف ایچ ایم کی قرض کی شرائط میں سے اہم ہے۔ اس میں قیمتوں کا از سر نو تعین، میچورٹی کے مسائل، دیگر شرح میں تبدیلی، یا اثاثوں اور واجبات کی قیمتوں، رد و بدل کاروبار کا معمول ہے۔
- ایکونٹ پرائس رسک: قیمتوں میں تبدیلی اور انفرادی ایکونٹ کے غیر مستحکم ہونے، ایکویٹیز کے باسکٹ اور ایکونٹ انڈیکس کی تشہیر کے نتائج
- کمپنی کی اسٹیٹ لائبریلیٹی مینجمنٹ کمیٹی (اے ایل سی او) کی باقاعدگی سے ساتھ میٹنگز ہوتی ہیں، جس میں موجودہ مارکیٹ رسک کا اندازہ لگایا جاتا ہے۔ اے ایل سی او کے ارکان شرح سود میں تبدیلی کا تجزیہ کرتے اور مارکیٹ کی صورتحال کا جائزہ لیتے ہیں اور اسٹیٹ لائبریلیٹی میچورٹی گیب اور پروڈکٹ کی ری پرائسنگ کا تجزیہ کرتے ہیں اور انٹر سٹریٹ کے رسک کی نگرانی اور کنٹرول کے لیے موثر اقدامات کرتی ہے۔
- ان میں مندرجہ ذیل کو برقرار رکھنا ہے
- ایک انٹر سٹریٹ مینجمنٹ کا جائزہ پروسس
- رسک لینے کے حوالے سے مناسب حد مقرر کرنا
- رسک کی پیمائش کا نظام
- منافع کی شرح رسک کی رپورٹنگ کا جامع نظام اور موثر کنٹرول

اس وقت قرض فراہم کرنے والے اکثر پورٹ فولیوز فلوئنگ ریٹ کے ساتھ منسلک کیا گیا ہے جس کا ہر تین ماہ یا چھ ماہ بعد جائزہ لیا جاتا ہے۔ اسی جائزہ سے مارکیٹ میں قیمتوں میں اتار چڑھاؤ کی صورت میں رسک کو کنٹرول کرنے میں مدد ملتی ہے۔ ایف ایچ ایم کے پاس انٹر عمل کنٹرول کا بہتر نظام موجود ہے جو اس کے منافع کی شرح کے رسک مینجمنٹ سسٹم کی حفاظت کو یقینی بناتا ہے اس کے ساتھ ساتھ موثر عمل، قابل اعتبار مالیاتی اور ریگولیٹری رپورٹنگ، ادارتی پالیسیوں اور متعلقہ قوانین پر عمل درآمد کو بھی یقینی بناتا ہے۔

## کیوڈی رسک مینجمنٹ

کیوڈی کی مالیاتی اداروں میں بہت خاص اہمیت ہے ناکافی کیوڈی کی وجہ سے مالیاتی اداروں کی ناکامی سب سے بڑی وجہ رہی ہے۔ ایف ایچ ایم کے پاس کیوڈی اور فنڈنگ کی جامع پالیسیاں موجود ہیں جس کے ذریعے کسی فرم ہمارے رسک کی مجموعی کیوڈی کے واقعات کا جائزہ لیا جاسکتا ہے۔ ہمارا بنیادی مقصد ایسی فرم پیدا کرنا ہے جس کے تناظر میں اتنا سرمایہ ہو کہ خراب حالات کے باوجود وہ اپنا کاروبار جاری رکھ سکے۔ ہم کیوڈی رسک کو درجہ ذیل اصولوں پر کنٹرول کرتے ہیں

- اسٹیٹ لائبریلیٹی مینجمنٹ: ہم اپنے اثاثہ جات کی اپنے پاس رہنے والی مدت کا تعین کرتے ہیں اور مشکل حالات میں ان کی کیوڈی کا جائزہ لیتے ہیں۔ ہم مارکیٹ میں اپنی پراڈکٹ اور قرضوں کی میچورٹی اور اس کی ڈائیورسٹی اور مخالف فریقین کی نظر میں رکھتے ہیں اور اپنے اثاثوں کی بیس کے مطابق اپنی واجبات کو برقرار رکھتے ہیں۔

ہے اور مضاربہ کے مقاصد کے حصول کے لیے اس پر عمل کرنا انتہائی ضروری ہے ریسک مینجمنٹ کی نگرانی ہمارے بورڈ سے شروع ہوتی ہے جو ریسک مینجمنٹ پالیسیوں کا جائزہ لینے اور اسے منظور کرنے میں اہم کردار ادا کرتا ہے۔ کمپنی کا انتظامی ڈھانچا ریسک مینجمنٹ کے معاملات کے بارے میں فیصلہ سازی کے لیے قواعد اور ذمہ داریوں کا تعین کرتا ہے اور ان پر عمل درآمد کو یقینی بناتا ہے۔

ہم ریسک فیکٹرز کے بارے میں مختلف شعبوں کے درمیان مضبوط اور بہتر رابطے کے نظام پر عمل کرتے ہیں اور فیصلہ سازی میں تمام شعبوں کے درمیان تعاون کے کلچر کی حوصلہ افزائی کرتے ہیں۔ ایف ایچ ایم کی ریسک مینجمنٹ کی صلاحیتیں، بہتر انتظامی ڈھانچے، مضبوط انفرمیشن سسٹم، ریسک کی پیمائش کے موثر نظام اور مضبوط پالیسیوں کے گرد گھومتی ہیں۔ ریسک مینجمنٹ کا بنیادی مقصد کمپنی کے مالی استحکام کو برقرار رکھنا اور کاروبار کے فروغ کے لیے سرمائے کو موثر طریقے سے استعمال کرنے کو یقینی بنانا ہے۔

## ریسک کی اقسام

ایف ایچ ایم میں ہمارے پاس ایک جامع ریسک مینجمنٹ فریم ورک ہے جس سے ہم اپنے روزمرہ کے امور کے دوران نظر آنے والے ریسک کو مانیٹر، اس کا تجربہ کرنے اور اس پر قابو پانے کے قابل ہو جاتے ہیں۔ ریسک میں کریڈٹ ریسک، مارکیٹ، لکھوڈٹی، آپریشنل ریسک شامل ہیں جن کی درج ذیل تعریف دی گئی ہے۔

**کریڈٹ ریسک** کسی گاہک (Client) یا مخالف فریق کی جانب سے معاہدے کے تحت اپنے فرائض ادا کرنے میں ناکامی کی صورت میں پیدا ہونے والے ریسک کو کریڈٹ ریسک کہتے ہیں۔ ایف ایچ ایم میں کریڈٹ ریسک ان وجوہات کی بنا پر ہو سکتا ہے۔

- ڈیفالٹ ریسک
- کریڈٹ کنسنٹریشن ریسک
- ریکوری ریسک
- مخالف فریق کا ریسک
- متعلقہ فریق ریسک
- ماحولیاتی ریسک

**مارکیٹ ریسک:** مارکیٹ ریسک میں تبدیل ہونے والے تناظر کے باعث پیدا ہونے والا ریسک مثال کے طور پر منافع کی شرح شیئرز کی قیمتوں، ایکوئٹی انڈیکس لیول، شرتبادلہ، اجناس کی قیمتوں اور عام قرضوں میں اضافہ وغیرہ۔

**لکھوڈٹی اینڈ فنڈنگ ریسک:** اپنی ادائیگیوں کی ذمہ داری پوری کرنے کے قابل نہ ہونا یا مارکیٹ کی شرح سے قرضوں کی فراہمی نہ ہونا، یا اپنے وعدوں کی تکمیل کے لیے رقم کا نہ ہونا۔

**آپریشنل ریسک:** ناکامی یا ناکام اندرونی عوامل، لوگوں یا نظام کی ناکامی کے باعث پیدا ہونے والے ریسک یا موسم، خارجی عناصر، جس میں جان بوجھ کر ہونے والے یا حادثاتی طور پر پیش آنے والے عوامل یا قدرتی عوامل وغیرہ۔

دیگر متعلقہ آپریشنل ریسک میں یہ عناصر بھی شامل ہیں۔

- قانونی ریسک
- شریعیہ ناکامیاں ریسک
- سہاک سے متعلق ریسک
- کمپلائنس ریسک
- اسٹریٹجک ریسک

میں صنعتوں کو درپیش مسائل اور اسلامک بینکنگ کے فروغ کے لیے اقدامات پر غور کیا جاتا ہے اسلامک بینکنگ سیکٹر کی حوصلہ افزائی کے لیے یہ ادارہ گول میز کانفرنس کے ساتھ اسلامک بینکنگ فنانس ایوارڈ کا اہتمام بھی کرتا ہے۔

جنوری ۲۰۱۶ میں پاکستان آئزور نے نان بینکنگ سیکٹر میں اسلامی فنانس کے فروغ کے لیے فرسٹ حبیب مضاربہ کے کردار کا اعتراف کرتے ہوئے اسے بیسٹ مضاربہ مینجمنٹ ایوارڈ دیا۔

## کاروبار کے فروغ کے لیے سرگرمی

کاروبار کا فروغ، اہم کاروباری اہداف اور کاروباری حکمت عملی کا امتزاج ہے۔ ہمارے اہم کاروباری اہداف میں کوئی تبدیلی نہیں ہوتی تاہم ضرورت اور کاروباری ماحول کے پیش نظر اپنی کاروباری حکمت عملی تبدیل کرتے ہیں۔ یہ تجارت کے فروغ، کاروبار میں توسیع کی منصوبہ بندی، مارکیٹنگ اور خدمات میں بہتری پر مشتمل ہوتی ہے۔

ہم اپنی کاروباری حکمت عملی میں دو اہم باتوں پر زیادہ توجہ دیتے ہیں مالیاتی اثاثہ جات میں اضافے کے ساتھ اپنے کسٹمرز کو بڑھانا اور منافع کی شرح میں کمی کے باوجود منافع کو برقرار رکھنا۔ اپنی حکمت عملیوں پر عمل کرتے ہوئے ہم نے اپنی مارکیٹ اور کسٹمرز میں کو بڑھایا ہے۔ ہماری حکمت عملی کے تحت ہم بڑے کاروباری اداروں اور مستحکم مالیاتی اداروں کی تقلید کرتے ہیں اور اس سال ہم نے ساکھ کے حامل، SME، کسٹمرز، لاجسٹک کسٹمرز اور چند افراد کو ملا کر (Mortgage Financing) کا آغاز کیا ہے ہمیں یقین ہے کہ چھوٹے اور درمیانی سطح کے کسٹمرز کو کاروبار میں شامل کر کے ہم اپنے منافع کو بہتر بنائیں گے اور مارکیٹ میں اور کاروباری حجم میں اضافہ کریں گے۔

مجموعی مالیاتی ادائیگیوں کا ۶۷ فیصد Diminishing Musharkah فنانسنگ پر مشتمل ہے جس میں Mortgage Financing بھی شامل ہے جب کہ گزشتہ برس اس مد میں ۴۳ فی صد ادائیگیاں کی گئی تھیں۔ ادائیگیوں کی شرح Assets in lease financing کے تقریباً برابر ہے جو ہماری حکمت عملی کے مطابق ہے جس کے تحت ہم نے اپنی نئی پراڈکٹ متعارف کروائیں تاکہ اپنے مالیاتی پورٹ فولیو کو پراڈکٹ کے مطابق تقسیم کر کے قرضوں کی فراہمی کے میں کو بڑھائیں اور متوقع کسٹمرز کو مختلف پراڈکٹ پیش کر سکیں۔ موجودہ کاروباری حالات میں کنزیومر فنانسنگ پر توجہ مرکوز کرنے والے مالیاتی اداروں نے کنزیومر مارکیٹ میں اپنی مکمل مارکیٹنگ فورس کے ساتھ جارحانہ حکمت عملی اختیار کی ہے۔

گزشتہ برس ہم نے اپنی کنزیومر فنانسنگ متعارف کروائی تھی۔ شروع میں ہم نے اپنے کاروباری اداروں کے ملازمین کو ہدف بنایا تھا اور اسے بعد میں چھوٹے کاروباری اور تجارتی اداروں تک وسعت دی تھی۔

وسائل کو موثر بنانے کے حوالے سے گزشتہ برس ایک اہم پیش رفت ہوئی اور سرٹیفیکیٹ آف مشارکہ اسکیم کے تحت فنڈز میں ۳۰ فی صد اضافہ ہوا۔ اس سال ہم نے بعض اسلامک میوچوئل فنڈز اور ٹکافل کمپنیوں سے ڈپازٹ حاصل کیے اور امید ہے کہ آنے والے سالوں میں ہم اسلامک بینکنگ سے اچھی تعداد میں ڈپازٹ حاصل کریں گے تاہم ڈپازٹ کے سلسلے میں ہماری اصل توجہ ریٹیل بزنس کے شعبے میں اپنے وسائل کی موثر لائسنس بڑھانے پر ہے گی تاکہ طویل المدت کے لیے فنڈز کی دستیابی برقرار رہ سکے۔

## رِسک مینجمنٹ فریم ورک

مضاربہ کی مینجمنٹ رِسک مینجمنٹ فریم ورک پر سختی سے عمل کرتی ہے جو کسی بھی ادارے کی قرض واپس کرنے کی صلاحیت اور مالیاتی پوزیشن پر اثر انداز ہونے والے عناصر کے بارے (Vigorous Approach) فراہم کرتی ہے۔ بورڈ آف ڈائریکٹرز کی قیمتی رہنمائی سے مضاربہ نے ہمیشہ معیاری اثاثے حاصل کیے اور آمدنی کے مستحکم ذرائع تلاش کیے ہیں تاکہ سرمایہ کاروں کو بہتر منافع حاصل ہو سکے۔ ایک موثر رِسک مینجمنٹ فریم ورک اور رِسک کی نگرانی کا نظام مضاربہ کے ویژن کے حصول کے لیے انتہائی اہم ہیں۔ ایف ایچ ایم کی رِسک پروفائل کی مضبوطی ان باتوں کی وجہ سے...

- معیاری اثاثہ جات کا بہتر پورٹ فولیو
- مستحکم ایکویٹی اور لکوڈیٹی کی پوزیشن
- اچھے اور معیاری انسانی وسائل
- رِسک کی نگرانی کا مضبوط نظام

مالیاتی کاروبار میں Risk ایک اہم حصہ ہوتا ہے اور رِسک مینجمنٹ ہمیں ایسے کئی اقدامات کرنے کا تقاضہ کرتی ہے جس سے ہمیں اس ماحول کی پیچیدگیوں سے نمٹنے میں مدد ملتی ہے جس ماحول میں ہم کاروبار کرتے ہیں۔

منظم رِسک مینجمنٹ اور کنٹرول ہماری کامیابی کے لیے بنیادی اہمیت رکھتے ہیں۔ رِسک کے بارے میں ہماری حکمت عملی کی بنیاد کاروباری دنیا کے وسیع تجربے پر ہے جو ایف ایچ ایم کی کاروباری رِسک مینجمنٹ فریم کی ایک مضبوط بنیاد ہے اور اس سے مضاربہ کو تبدیل ہوتے ہوئے کاروباری حالات میں موثر اور بہتر طور پر چلانے میں مدد ملتی ہے رِسک مینجمنٹ ہماری کاروباری حکمت عملی کا ایک اہم بنیاد

## اعزازات اور کامیابیاں

### بہترین کارکردگی کا حامل مضاربہ ایوارڈ کا حصول:

این بی ایف آئی اور مضاربہ ایسوسی ایشن آف پاکستان نے سال ۲۰۰۰ سے بہترین کارکردگی کا حامل مضاربہ ایوارڈ کا آغاز کیا۔ اس ایوارڈ کا مقصد این بی ایف آئی اور مضاربہ سیکٹر میں کام کرنے والی کمپنیوں میں سے بہترین کارکردگی اور کارپوریٹ اور بہتر انتظامی کلچر کے مطابق کام کرنے والی کمپنیوں کو فروغ دینا ہے الحمد للہ ایف ایچ ایم گزشتہ کئی سالوں سے مندرجہ بالا کسوٹی پر پورا اترتی ہے اور ایسوسی ایشن کی جانب سے گزشتہ ۷ برسوں کے دوران جاری کیے گئے ایوارڈز میں سے ایف ایچ ایم نے پندرہ مرتبہ بہترین کارکردگی کا حامل مضاربہ ایوارڈ حاصل کیا ہے۔

### کارپوریٹ ایکسیلنس ایوارڈ کا حصول

منجمنٹ ایسوسی ایشن آف پاکستان (MAP) نے کاروباری اداروں کے فروغ اور انتظامیہ میں بہتری لانے کے لیے اہم کردار ادا کیا ہے انسانی وسائل کے فروغ، بہتر انتظامیہ اقدار کے بارے میں آگاہی پھیلانے اور ان کی حوصلہ افزائی کرنے اور مقابلہ کار جہان بڑھانے کے لیے اہم اقدامات کیے ہیں۔

الحمد للہ ایف ایچ ایم نے مسلسل کارپوریٹ ایکسیلنس ایوارڈ کی کسوٹی پر پورا اترتا رہا ہے۔ اور گزشتہ کئی برسوں سے MAP سے کئی ایوارڈ وصول کیے ہیں ایف ایچ ایم نے گزشتہ آٹھ برسوں کے دوران اب تک نان فنانس کیٹیگری میں سات ایوارڈ حاصل کیے ہیں MAP کی جانب سے ایکسیلنس ایوارڈ کے لیے انتخاب، ایف ایچ ایم کی بہتر کاروباری اقدار، بہتر انتظامی کارکردگی اور بہتر کاروباری کارکردگی کے ساتھ مالیاتی نظم نسق کو برقرار رکھنے کی وجہ سے کیا گیا۔ ایف ایچ ایم واحد مضاربہ ہے جسے MAP نے مسلسل اس ایوارڈ سے نوازا ہے۔

### آئی سی اے پی / آئی سی ایم اے پی کی جانب سے بہترین کارپوریٹ رپورٹ ایوارڈ

انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹ آف پاکستان (ICAP) اور انسٹیٹیوٹ آف کاسٹ اینڈ منجمنٹ اکاؤنٹنٹس آف پاکستان (ICMAP) کی مشترکہ کمیٹی نے سال ۲۰۰۰ میں بہترین کارپوریٹ رپورٹ ایوارڈ کا آغاز کیا اس کا مقصد مقامی کمپنیوں کی حوصلہ افزائی کرنا تھی تاکہ وہ عالمی اکاؤنٹنگ انسٹیٹیوٹ کے مطابق اپنی سالانہ رپورٹس تیار کرتے ہوئے شفافیت اپنائیں۔ الحمد للہ ایف ایچ ایم نے گزشتہ چھ برسوں کے دوران مشترکہ کمیٹی کی جانب سے این بی ایف آئی سیکٹر کیٹیگری میں مسلسل یہ ایوارڈ حاصل کیا ہے۔ این بی ایف آئی کیٹیگری انشورنس لیزنگ، انویسٹمنٹ بینک اور مضاربہ پر مشتمل ہے۔ اللہ تعالیٰ کے فضل و کرم سے ایف ایچ ایم مضاربہ سیکٹر کا واحد مضاربہ ہے جس نے گزشتہ کئی سالوں سے یہ ایوارڈ حاصل کیا ہے۔ ایف ایچ ایم نے گزشتہ برس این بی ایف آئی سیکٹر کیٹیگری سے پہلی پوزیشن حاصل کی۔

### سافاسرٹیفکیٹ آف میرٹ ایوارڈ

ساؤتھ ایشین فیڈریشن آف اکاؤنٹنٹس سارک کا ایک اعلیٰ سطحی ادارہ ہے۔ SAFA سارک ممالک کے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس اور انسٹیٹیوٹ آف کاسٹ اینڈ منجمنٹ اکاؤنٹس پر مشتمل ہے۔ SAFA ہر سال سارک ممالک کی کمپنی کی شائع ہونے والی سالانہ رپورٹ کا تجربہ کر کے مختلف کارپوریٹ کیٹیگریز میں ایوارڈ دیتا ہے۔ اس ایوارڈ کا مقصد فنانس رپورٹنگ میں شفافیت اور جواب دہی کو فروغ دینا ہے۔ جنوبی ایشیائی خطے میں SAFA ایوارڈ کو فنانس رپورٹنگ میں انتہائی اہم اور ساکھ کا حامل تصور کیا جاتا ہے۔ الحمد للہ فرسٹ حبیب مضاربہ ایف ایچ ایم گزشتہ کئی برسوں سے پاکستان میں مالیاتی شعبے کی مجموعی کیٹیگری اور سارک ممالک کی سطح پر SAFA ایوارڈ وصول کرتا رہا ہے۔ اللہ تعالیٰ کے فضل سے پاکستان کے مضاربہ اور این بی ایف آئی سیکٹر میں گزشتہ کئی سالوں میں یہ ایوارڈ حاصل کرنے والا پہلا مضاربہ ہے۔

### ایف پی سی آئی اے پیو مینٹ ایوارڈ

پاکستان ایوان ہائے صنعت و تجارت کی فیڈریشن جو کہ پاکستان کی صنعت و تجارت کا اعلیٰ ادارہ ہے جو پاکستان کی تجارتی اور صنعتی برادری اور سماجی سرگرمیوں کے فروغ کے لیے کام کر رہا ہے۔ ایف پی سی آئی کی جانب سے غیر معمولی کارکردگی کی حامل تنظیموں اور افراد کی حوصلہ افزائی کے لیے ایف پی سی آئی اے پیو مینٹ ایوارڈ دیئے جاتے ہیں تاکہ پاکستان کی دیہات پر ترقی، سماجی اور معاشی ترقی کے لیے اہم کردار ادا کرنے والے اداروں اور افراد کی خدمات کا اعتراف کیا جاسکے۔ ایف پی سی آئی نے گزشتہ برس این بی ایف آئی کیٹیگری میں فرسٹ حبیب مضاربہ کو ایف پی سی آئی اے پیو مینٹ ایوارڈ، پہلی پوزیشن سے نوازا۔ ایف ایچ ایم ایوارڈ این بی ایف آئی اور مضاربہ سیکٹر میں اسلامک فنانس کے فروغ پر دیا گیا ہے۔

### بیسٹ مضاربہ مینیجڈ ایوارڈ

ایف ایچ ایم نے دی پاکستان آبرور کی جانب سے بیسٹ اسلامک بینکنگ اینڈ فنانس ایوارڈ ۲۰۱۶ میں بیسٹ مینیجڈ مضاربہ ایوارڈ حاصل کیا۔ یہ ایوارڈ نان بینکنگ فنانس ریلٹیو سیکٹر کیٹیگری میں دیا گیا۔ پاکستان آبرور پاکستان کا ایک موقر اخبار ہے یہ اخبار پاکستان میں اسلامک بینکنگ اور فنانس کے فروغ میں اہم کردار ادا کر رہا ہے گزشتہ تین برسوں سے یہ ادارہ گول میز کانفرنس کا انعقاد کر رہا ہے جس



کاروباری حکمت عملی کا حصہ تھا۔ اس سال گاڑیوں کی خریداری کی مد میں دیئے جانے والے قرضے مجموعی ادائیگیوں کا ۸۵ فی صد تھے یہ بھی قرض کے بدلے مستحکم اور معیاری اثاثے رکھنے کے ذریعے قرض کے ڈوبنے کا خطرہ کم کرنے کی حکمت عملی کے مطابق ہے۔

ہم نے اپنی کاروباری حکومت عملی کے تحت قرض فراہم کرنے والی برانچ کو کراچی سے باہر بھی کامیابی سے پھیلا یا ہے اس وقت فراہم کیے گئے مجموعی قرضوں کے اثاثہ جات کا پچاس فی صد لاہور، اسلام آباد اور ملتان کی برانچز میں ہے۔ ان برانچز نے قرضوں کی فراہمی میں اہم کردار ادا کیا ہے اور اچھے کاروباری اداروں اور چھوٹے کاروباری اداروں کی شمولیت سے ہر سال ان میں اضافہ ہو رہا ہے۔

ہماری برانچز نے سرٹیفکیٹ آف مشارکہ (سی او ایم) کی اسکیم کے تحت ڈپازٹ کی بیس میں کامیابی سے اضافہ کیا۔ سی او ایم میں گزشتہ سال کے ۱۲ اسیٹار یہ ۳۶ ملین روپے کے مقابلے میں ۱۳ اسیٹار یہ ۵۱ ملین روپے رہا۔ ہماری برانچز نے سی او ایم کے پورٹ فولیو میں ۲۹ فی صد کا اضافہ کیا جا چکا ہے جس ان کی شاندار کارکردگی ہے اور ایف ایچ ایم کی تاریخ کی بلند ترین رقم ہے۔ یہ ہمارے زیادہ تر گاہکوں کا ایف ایچ ایم پر اعتماد کی عکاسی ہے جس کی بنیاد اچھا منافع، سرمایہ کاری کا تحفظ اور خدمات کا معیار ہے۔ ہم سمجھتے ہیں کہ کم لاگت کی اور طویل المدتی ڈپازٹ پورٹ فولیو میں اضافے کے بغیر قرضہ جات کے پورٹ فولیو میں اضافہ ممکن نہ ہو سکے گا۔

جیسا کہ ہم اپنی گزشتہ رپورٹ میں ذکر کیا تھا کہ مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز نے فرسٹ حبیب مضاربہ کے انتظامی حقوق کی حبیب میٹرپولیٹن مضاربہ مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ، جو حبیب میٹرپولیٹن کی ایک ذیلی ملکیت کی کمپنی ہے، کو ممکنہ فروخت اور منتقلی کے لین دین کی منظوری دی گئی تھی جو تمام قانونی ضابطوں اور قانونی منظوری سے مشروط ہے۔

اسی سلسلے میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے اصولی منظوری بھی موصول ہو گئی تھی تاہم ایچ ایم ایم ایل اب بھی اسٹیٹ بینک کی جانب سے منظوری اور دیگر قانونی تقاضے پورے کرنے کے لیے کام کر رہی ہے۔ دونوں کمپنیوں کی جانب سے تمام قانونی اور ریگولیٹری تقاضے پورے کرنے کے بعد ایس ای سی پی کی جانب سے ایچ ایم ایم ایل کو باضابطہ منظوری دی جائے گی۔ مجوزہ ٹرانزیکشن کے مطابق ایف ایچ ایم کی مینجمنٹ کمپنی ایچ ایم ایم ایل سے تبدیل ہو کر ایچ ایم ایم ایل بن جائے گی تاہم ایف ایچ ایم کے انتظامی ڈھانچے اور کاروباری ماڈل میں کوئی تبدیلی نہیں کی جائے گی۔

اس وقت ایس ای سی پی مضاربہ کے ریگولیٹری فریم ورک مثلاً مضاربہ آرڈیننس، اور مضاربہ رولز اینڈ پروڈیوشنل ریگولیشنز میں تبدیلی کے عمل میں مصروف ہے زیادہ تر مجوزہ تبدیلیاں، مانیٹرنگ کے معیار، شفاف انتظامی امور اور قوانین پر عمل درآمد کے کلچر کو فروغ دینے میں معاون ثابت ہوں گے جس سے مضاربہ سیکٹر کو ٹھوس بنیادوں پر کھڑا کرنے کی جانب اہم پیش رفت ہوئی۔ تاہم چند مجوزہ تبدیلیوں پر این بی ایف آئی ایسوی ایشن نے چند تحفظات کا اظہار کیا ہے اور ایسی تجاویز میں مناسب تبدیلی کرنے یا انہیں ختم کرنے کی گزارش کی ہے ایسوی ایشن مضاربہ قوانین کو جدید بنانے کے لیے ریگولیٹرز کے ساتھ مل کر کام اور مذاکرات کر رہی ہے۔

## نتیجہ

پاکستان کے مضاربہ سیکٹر کی سینئر اور اچھی ساکھ کی حامل کمپنی ہونے کے ناتے یہ بھی تسلیم کرتے ہیں کہ ہمارے کسٹمرز نے ہم پر اعتماد کیا ہے اور ہم بدلے سے اس اعتماد کا احترام کرتے ہیں یہی وہ جذبہ ہے جس کی وجہ سے ہمارا وژن، مشن اور اخلاقیات ہمارے کاروباری مقاصد کے ساتھ جڑے ہوئے ہیں۔ سرفہرست مضاربہ کی حیثیت سے ہمیں اعتماد ہے کہ ہم پاکستان کی مارکیٹ میں آئندہ سالوں میں پیدا ہونے والے مواقع سے فائدہ حاصل کرنے کی بھرپور صلاحیت رکھتے ہیں۔ تاہم مستقبل میں ترقی کے لیے کمپنی کی حکمت عملی اور وسط مدتی اور طویل مدتی ترقی کا پلیٹ فارم مہیا کرنے کے لیے روابط کو بہتر بنانے کے لیے مستقل کوششوں کی ضرورت ہے۔

ہماری کاروباری اقدار ہمارے کلچر کے ہر شعبہ اور کاروباری سرگرمیوں پر اثر انداز ہوتے ہیں۔ ہم اعتراف کرتے ہیں کہ روزمرہ کے کاموں میں ان اقدار کو اچھی طرح استعمال کر کے اپنے مقاصد حاصل کر سکتے ہیں۔ ہماری کمپنی کو مستحکم بنیادوں پر ترقی دینے میں کامیابی حاصل کرنے میں ہمارے اسٹاف کے اراکین نے اہم کردار ادا کیا ہے۔

## مضاربہ سیکٹر میں ایف ایچ ایم کا حصہ

این بی ایف آئی اور مضاربہ ایسوی ایشن آف پاکستان کی جانب سے سال ۲۰۱۵ کے لیے جاری کردہ کتاب میں ۳۰ جون ۲۰۱۵ کو ختم ہونے والے سال کے دوران مضاربہ مارکیٹ ایف ایچ ایم کے حصے کے بارے میں دیئے گئے ٹیبل ملاحظہ کیجیے۔

(ملین روپے)			
مضاربہ میں ایف ایچ ایم شیئر کی شرح	ایف ایچ ایم کا شیئر	۲۳ مضاربہ کی مجموعی پوزیشن	
۲۰ فی صد	۳،۲۵۷	۱۵،۸۹۲	ٹوٹل ایکویٹی
۲۱ فی صد	۶،۳۹۳	۳۰،۷۳۶	مجموعی اثاثے
۲۱ فی صد	۳،۰۷۲	۱۳،۶۷۵	لیز پر دیئے گئے اثاثہ جات
۲۳ فی صد	۳۰۷	۱،۳۵۳	خالص منافع

ڈھانچے کے منصوبوں کے لیے خرچ ہونے والی رقم میں اضافہ ہوا۔ عالمی منڈیوں میں اجناس کی قیمتوں میں کمی اور مقامی صارفین کو ان کے فوائد کی فوری منتقلی بالخصوص پیٹرولیم مصنوعات، اشیاء، آرائش، اہم خورداک کی اجناس کی قیمتوں اور مستحکم شرح تبادلہ کی وجہ سے افراط زر میں کمی ہوئی۔ ان عوامل کے اثرات اتنے زیادہ تھے کہ ستمبر ۲۰۱۵ میں صارفین کے لیے افراط زر میں غیر معمولی کمی کے بعد ۳۳ فی صد رہی۔

پاکستان اسٹاک ایکسچینج نے زبردست کارکردگی دکھائی اور اسے ایم ایس سی آئی کی ابھرتی ہوئی مارکیٹ انڈیکس میں شامل کیا گیا۔ افراط زر کی مجموعی شرح میں کمی کے باعث سال ۲۰۱۶ میں ۸۶ فی صد رہی جب کہ گذشتہ برس یہ شرح ۵۶ فی صد تھی۔ اجناس کی قیمتوں میں کمی اور مستحکم شرح تبادلہ کے باعث ملک میں افراط زر کی شرح کم کرنے میں مدد ملی۔ پاک چین اقتصادی راہداری کے تحت دی گئی مراعات کے باعث نہ صرف بلا واسطہ غیر ملکی سرمایہ کاری میں اضافہ ہوا بلکہ اس سے مقامی تاجروں کا بھی اعتماد بحال ہوا۔

تاہم معیشت کے لیے اب بھی بعض چیلنجز موجود ہیں۔ سرمایہ کاری کی شرح کم رہی جب کہ سی پیک کے علاوہ دیگر شعبوں میں براہ راست سرمایہ کاری میں اضافہ نہیں ہو سکا۔ خزانے کی بہترین کوششوں کے باوجود غیر اطمینان بخش ادائیگی کے توازن کی وجہ سے ٹیکس بنیاد کم رہی۔

مزید یہ کہ عالمی کساد بازاری کے باعث اجناس کی قیمتوں میں کمی کے ملکی معیشت کے بعض شعبوں پر منفی اثرات پڑے ہیں۔ برآمدات میں اضافہ نہیں ہو رہا جبکہ بیرون ملک سے ترسیلات زر میں کمی رہی ہے۔ سی پیک سے وابستہ مثبت نتائج کے باوجود ملک میں پیداواری شعبہ میں سرمایہ کاری میں کمی نظر آتی ہے طویل مدتی اقدامات نہ ہونے کے باعث معیشت کو مزید خطرات لاحق رہیں گے۔ حال ہی میں زر مبادلہ کے ذخائر ملکی تاریخ کی بلند ترین سطح پر پہنچ گئے ہیں جس سے مستقبل میں دیروپانمو کے لیے قرض لینے والے اور سرمایہ کاری کرنے والوں کا اعتماد بحال کرنے میں مدد ملے گی۔ تاہم اس کے ساتھ وسیع پیمانے پر ڈھانچہ جاتی اصلاحات کی ضرورت ہے تاکہ ملک کی مجموعی پیداوار میں آنے والی بہتری برقرار رہ سکے۔

### فرسٹ حبیب مضاربہ کے کاروبار کا جائزہ

اللہ تعالیٰ کے فضل سے انتظامیہ نے ایک اور کامیاب مالیاتی سال مکمل کیا جس میں پاکستان کے مضاربہ سیکٹر میں اپنی پوزیشن کو مزید مستحکم کیا۔ الحمد للہ ہم قابل اطمینان مالیاتی نتائج کے پس منظر میں اپنے تمام وعدے پورے کر چکے ہیں اور اپنے سرٹیفکیٹ ہولڈرز کو نقد منافع کی صورت میں بہتر ثمرات دیئے ہیں۔ ایف ایچ ایم اپنی آپریشنل اور انتظامی قوت کا مظاہرہ کیا ہے جو کاروبار کے حجم اور منافع میں نظر آتا ہے۔

منافع میں ہونے والے اضافے سے باقاعدگی کے ساتھ نقد منافع کی تقسیم اور شیئرز ہولڈرز کی (equity) میں اضافے کے باعث ایف ایچ ایم کو سیکٹر میں ایک مستحکم اور بہتر کارکردگی کا حامل مضاربہ بنا دیا ہے۔ این بی ایف آئی اور مضاربہ ایسوسی ایشن آف پاکستان کے اعداد و شمار کے مطابق مضاربہ سیکٹر میں اثاثوں کے اعتبار سے ہمارا مضاربہ ۳۰ جون ۲۰۱۵ کو ختم ہونے والے سال کا مضبوط اور اعلیٰ کارکردگی مضاربہ قرار دیا گیا ہے۔ ایسوسی ایشن اس وقت جون ۲۰۱۶ کو ختم ہونے والے سال اعداد و شمار مرتب کر رہا ہے اور ہمیں یقین ہے کہ ہم اس سال بھی اپنی پوزیشن برقرار رکھیں گے۔

اجناس کی قیمتوں میں تیزی سے آنے والی کمی، ابھرتی ہوئی منڈیوں میں کساد بازاری اور قرضوں پر شرح سود میں کمی کے باعث سال ۲۰۱۵-۱۶ ایک مشکل سال رہا۔ تاہم اللہ تعالیٰ کے فضل سے ہم قابل اطمینان کارکردگی دکھانے میں کامیاب رہے۔ یہ کامیابیاں مضبوط کاروباری بنیادوں، کاروباری حکمت عملی پر توجہ مرکوز رکھنے اور مستقل مالیاتی اور انتظامی پالیسیوں کا نتیجہ ہے۔ جس پر مضاربہ کی سطح پر عمل کیا جاتا ہے۔ اس ضمن میں سب سے بڑی رکاوٹ مارکیٹ کو وسعت دینے اور مختلف سیکٹرز کے ساتھ کام کو بڑھانے اور جدت لانے میں پیش آئی۔ ان اقدامات کا مقصد ہر شعبے کے کسٹمرز میں اضافہ کرنا ہے۔

زیر بحث مالیاتی سال کے دوران ایک ایسے مشکل حالات کا سامنا ہوا جس میں منافع کی شرح کی چٹائی سطح کے باعث منافع کے مارجن پر دباؤ بڑھا۔ انتظامیہ کی جانب سے کسٹمرز کی تعداد بڑھانے کے لیے پچھلے برسوں میں کیے گئے اقدامات کے ثمرات اس سال میں سامنے آنا شروع ہو گئے۔ مذکورہ حکمت عملی کے باعث قرضوں کی فراہمی اور اثاثہ جات میں اضافہ ہوا جس سے مضاربہ کو تقریباً گزشتہ برس کی منافع کی سطح پر قرار رکھنے میں مدد ملی۔

سرمایہ کاری اور ڈپازٹ کے سائز میں اضافہ کی وجہ سے بیلنس شیٹ کی مجموعی بنیادیں ۱۶ اگست ۲۰۱۶ میں ۳۹۳ بلین روپے سے بڑھ کر ۷۱۳ بلین روپے ہو گئی جو ترقی میں تقریباً ۱۲ فی صد اضافے کی عکاسی کرتا ہے۔ اسی طرح گزشتہ برس کے ۱۳۶۹۱ روپے کے مقابلے میں اس سال ۱۳۴۲۱ روپے کے قرضے فراہم کیے گئے جو گزشتہ برس کے مقابلے میں ۱۳ فی صد زیادہ رہے۔ اس سال ہم نے ایف ایچ ایم کی تاریخ میں ایک سال میں سب سے زیادہ قرضوں کی فراہمی کا ریکارڈ بھی توڑ دیا۔

رواں مالی سال کی سہ ماہی رپورٹ میں اس بات کا اظہار کر چکے ہیں کی منافع کی شرح میں کمی، اور گھٹتے ہوئے منافع ہمارے مضاربہ کے منافع بخش ہونے کو نمایاں طور پر متاثر کر چکا ہے۔ تاہم اللہ تعالیٰ کے کرم سے اپنے سرمایہ کاری کے پورٹ فولیو میں اضافے سے ہم نے قرضوں کی فراہمی میں اضافہ کر کے منافع کی شرح کو کسی حد تک برقرار رکھنے میں کامیاب رہے اور اس کے ساتھ ساتھ اثاثہ جات کی سرمایہ کاری کے معیار کو بھی برقرار رکھا۔ اسی طرح الحمد للہ سرمایہ کاری کے پورٹ فولیو کی وصولی عمدہ رہی اور اس مد میں ناقابل وصول قرضہ کی مد کوئی رقم مختص نہیں کی گئی۔

کل کی جانے والی سرمایہ کاری میں سے گھٹتی ہوئی مشار کہ سرمایہ کاری گذشتہ سال کے ۴۳ فی صد کے مقابلے میں ۶۷ فی صد رہی۔ یہ اقدام قرضوں کی فراہمی کے توازن کو بہتر بنانے کے لیے طے کی گئی

## ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ۳۰ جون ۲۰۱۶ کو ختم ہونے والے سال کے لیے مضاربہ کے آڈٹ شدہ اکاؤنٹس پیش کرنا میرے لیے باعث مسرت ہے۔

۳۴۳,۵۵۶,۱۰۴	مئجمنٹ فیس سے قبل منافع
(۳۴,۳۵۵,۶۱۰)	مضاربہ مئجمنٹ کمپنی کی فیس
(۴,۸۰۹,۷۸۵)	مئجمنٹ کمپنی کی فیس پر سروسز سیلز ٹیکس
(۶,۰۸۷,۸۱۴)	ورکرز ویلفیئر فنڈ
۲۹۸,۳۰۲,۸۹۴	ایک سال کا منافع
۲۵,۸۲۶,۴۳۳	پچھلے سالوں کا غیر تقسیم شدہ منافع
۳۲۴,۱۲۹,۳۲۷	قابل تقسیم منافع
۱,۴۸	پانچ روپے فی سٹیک / شیئر پر منافع

## منافع کی تقسیم

۲۰۱,۶۰۰,۰۰۰	۲۰ فی صد کے حساب سے نقد منافع برائے تقسیم (پانچ روپے کے سٹیک / پرایک روپیہ) نقد منافع فی سٹیک
۸۹,۴۹۰,۸۶۸	Statutory Reserve میں منافع کی ۳۰ فی صد شرح سے منتقلی
۳۳,۰۳۸,۴۵۹	غیر تقسیم شدہ منافع
۳۲۴,۱۲۹,۳۲۹	

## منافع کی ادائیگی

بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ ۳۰ جون ۲۰۱۶ کو ختم ہونے والے سال کے لیے ۲۰ فی صد (پانچ روپے کے سٹیک / پرایک روپیہ کے حساب سے) نقد منافع دینے کا اعلان کرتا ہے۔

## معاشی جائزہ

پاکستانی معیشت نے سال ۱۶-۲۰۱۵ کے دوران اپنی شرح نمو کو برقرار رکھا۔ زرعی شعبے میں فصلوں کو بچھنے والے بھاری نقصانات اور عالمی کساد بازاری اور مجموعی قومی پیداوار میں کمی کے باوجود پاکستان اپنی شرح نمو کو برقرار رکھنے میں کامیاب رہا۔ توانائی کی فراہمی میں بہتری اور امن و امان کی بہتر صورت حال کے باعث خاص طور پر صنعتی شعبے کی شرح نمو میں اضافہ ہوا اور اس شرح نمو کے واضح مثبت اثرات خدمات کے شعبے پر پڑے۔

آئی ایم ایف نے بھی گزشتہ تین برسوں میں پاکستان کی بہتر کارکردگی کا اعتراف کرتے ہوئے کہا کہ معیشت نے مجموعی معاشی اور مالیاتی استحکام کی جانب خاطر خواہ پیش رفت کی اور چمک دکھائی ہے اور بلند اور مستحکم شرح نمو کا سنگ بنیاد رکھ دیا گیا ہے۔ حال ہی میں پاکستان نے کامیابی سے بارہوں اور آخری ایکسٹنڈڈ فنڈ فیسیلیٹی (ای ایف ایف) کا جائزہ بمع دو چھوٹ کے منظور کیا گیا۔

سال ۱۶-۲۰۱۵ پاکستان اقتصادی جائزے کی رپورٹ کے مطابق صنعتی شعبے میں ۶.۸ فی صد کی شرح نمو (جو کہ گزشتہ آٹھ برس کے دوران سب سے زیادہ ہے) کے باعث پاکستان کی مجموعی شرح نمو ۴.۳ فی صد رہی۔ صنعتی اور خدمات کے شعبوں میں زبردست کارکردگی کی وجہ سے مجموعی پیداوار میں اضافہ ہوا۔ دوسری جانب کپاس کی فصل کو بچھنے والے غیر معمولی نقصان کے باعث زرعی شعبے کی شرح میں گزشتہ برس کے مقابلے میں کمی رہی۔ سال ۲۰۱۶ میں گزشتہ کئی برسوں میں پہلی مرتبہ زرعی شعبے کی شرح نمو میں کمی ہوئی۔

سال ۲۰۱۶ میں صنعتی شعبے میں گزشتہ برس ۴.۸ فی صد کی شرح نمو کے مقابلے میں ۶.۸ فی صد کی شرح نمو ایک مثبت علامت ہے۔ سب سے بڑی حوصلہ افزا بات یہ ہے کہ سال ۲۰۱۵ سے عالمی منڈی میں پاکستانی اشیاء کی طلب میں کمی کے باعث برآمدات میں کمی کے باوجود یہ شرح نمو حاصل کی گئی اس کے علاوہ خدمات کے شعبے کی کارکردگی بھی بہتر رہی اور اس شعبے کی شرح نمو ۴.۳ فی صد سے بڑھ کر سال ۲۰۱۶ میں ۵.۷ فی صد ہو گئی۔ حکومت نے ہر شعبے کے لیے خصوصی رعایات کی پالیسی متعارف کرتے ہوئے توانائی کے وسائل کو بہتر طریقے سے استعمال کیا مثال کے طور پر ایل این جی کی درآمد سے کھاد اور دیگر صنعتوں کے لیے وافر مقدار میں گیس کی فراہمی یقینی بنائی گئی۔ حکومت کی جانب سے کیے گئے حوصلہ افزا اقدامات کے باعث مجموعی پیداوار اور ترقی کے شعبے میں بہتری آئی اور بنیادی

## Key Financial Data Of Six Years At A Glance

KEY FINANCIAL DATA	Rupees in Million					
	2016	2015	2014	2013	2012	2011
Total Assets	7,160.72	6,393.29	5,392.99	4,719.29	4,565.42	4,075.21
Lease Financing Assets	2,725.21	3,072.31	2,868.62	2,941.64	2,501.15	2,372.96
Lease Financing Asset Disbursement	1,742.09	1,742.09	1,400.90	1,889.71	1,465.28	1,226.65
Current Assets	2,608.53	2,281.28	1,893.90	1,404.85	1,818.51	1,531.47
Current Liabilities	3,540.63	2,793.13	1,894.27	1,401.51	1,229.15	820.81
Total Liabilities	3,844.69	3,136.44	2,184.38	1,666.44	1,438.22	1,015.59
Paid-up Capital	1,008.00	1,008.00	1,008.00	1,008.00	1,008.00	1,008.00
Reserves	2,308.06	2,248.86	2,200.62	2,044.84	2,119.20	2,051.62
Certificate Holders' Equity	3,316.06	3,256.86	3,208.62	3,052.84	3,127.20	3,059.62
Gross Revenue	1,608.45	1,592.34	1,603.47	1,531.86	1,451.50	1,437.27
Net Profit	298.30	306.50	285.44	992.80	345.43	277.95
Earning Per Certificate - Rs.5/- each	1.48	1.52	1.42	4.92	1.71	1.38
Cash Dividend	20%	22%	22%	20%	20%	22%
Lease Financing Installments	250.63	286.09	297.92	316.68	333.39	327.34

STAKEHOLDER INFORMATION	2016	2015	2014	2013	2012	2011
<b>Profitability Ratios</b>						
Profit after tax ratio (%)	18.55	19.25	17.80	64.81	23.80	19.34
Gross yield on earning assets (%)	23.70	27.52	32.69	34.15	33.22	37.26
Gross spread ratio (%)	12.00	11.25	10.06	2.42	12.11	12.96
Cost / Income ratio (%)	80.31	79.81	81.27	54.56	76.35	79.80
Return on equity (%)	9.00	9.41	8.90	32.92	15.52	13.22
Return on assets (%)	4.17	4.79	5.29	21.04	7.57	6.82
Return on capital employed (%)	9.54	9.97	9.69	34.61	12.11	10.03
Gross profit ratio (%)	27.75	25.61	22.66	14.71	23.37	22.65
Net profit to sale (%)	18.55	19.25	17.80	64.81	23.80	19.34
EBITDA margin to sale (%)	26.46	26.92	25.00	79.58	31.48	25.87
Income / Expense ratio	1.17	1.16	1.14	1.13	1.17	1.18
<b>Liquidity Ratios</b>						
Advance to deposit ratio	1.89	2.03	2.56	3.46	2.97	4.25
Current ratio	0.74	0.82	1.00	1.00	1.48	1.87
Cash to current liabilities	7%	17%	20%	9%	10%	20%
Cashflow from operations to sale	-42%	-28%	-11%	-21%	2%	9%
<b>Turnover ratio</b>						
Total Asset Turnover Ratio (%)	23.93	26.90	32.03	52.71	35.51	37.52
Fixed Asset Turnover Ratio (%)	37.65	41.82	49.37	75.05	59.02	60.11
<b>Investment / Market ratio</b>						
Market Value Per Certificate	10.5	10.40	9.75	9.90	7.70	8.15
High	11.13	10.59	10.81	9.90	9.34	8.19
Low	9.5	8.70	8.50	7.10	6.30	5.66
*EPS (Earning per modaraba certificate)	1.48	1.52	1.42	4.92	1.71	1.38
Price earning ratio	7.09	6.84	6.87	2.01	4.50	5.91
Price to book ratio	0.65	0.66	0.63	0.66	0.70	0.78
Dividend Yield ratio (%)	9.52	10.58	11.28	10.10	12.99	13.50
Dividend Payout ratio (%)	67.58	72.35	77.69	20.31	58.36	79.78
Dividend cover ratio	1.48	1.38	1.29	4.92	1.71	1.25
Cash dividend (%)	20.0%	22.0%	22.0%	20.0%	20.0%	22.0%
Cash dividend per share	1.00	1.10	1.10	1.00	1.00	1.10
Book Value Per Share	16.14	15.80	15.38	14.96	11.04	10.43
Dividend (in million rupees)	202	222	222	202	202	222
Profit Growth Ratio (%) [YoY]	(3)	7	(71)	187	24	4
Profit Growth Ratio (%) [base year 2011]	7	10	3	257	24	-
<b>Capital Structure ratio</b>						
Net assets per share	16.45	16.16	15.92	15.14	15.51	15.18
Earning asset to total asset ratio (%)	94.79	90.51	90.95	95.05	95.71	94.66

\* Certificates of Rupees 5/- each.



## Horizontal Analysis

### BALANCE SHEET (%)

	2016	2015	2014	2013	2012	2011
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Fixed Assets - tangible						
Lease Financing Assets	2,725	3,072	2,869	2,942	2,501	2,373
Assets in own use	9	8.64	11.20	13.43	8.04	5.60
Intangible Assets	0.308	0.662	1.501	1.409	2.126	0.095
Investment in diminishing musharaka	1,812	1,030	617	355	234	162
Long-term advances & deposits	5.7	0.7	1.2	2.5	1.5	2.8
<b>CURRENT ASSETS</b>						
Investments	1,011	985	975	997	1,486	1,251
Current maturity of diminishing musharaka	1,239	699	445	191	148	71
Lease financing installments receivable-secured, considered good	1	4	10	4	3	4
Trade deposits & short-term prepayments	5.9	3.6	8.5	11.3	5.1	4.9
Other receivables	24	43	53	33	25	21
Tax refund due from Government	79	59	31	38	28	17
Cash & bank balances	248	488	371	131	122	162
	2,609	2,281	1,894	1,405	1,819	1,531
<b>TOTAL ASSETS</b>	7,161	6,393	5,393	4,719	4,565	4,075
<b>EQUITY &amp; LIABILITIES</b>						
<b>CAPITAL &amp; RESERVES</b>						
Authorized Certificate capital	1,100	1,100	1,100	1,100	1,100	1,100
Issued, subscribed & paid-up capital	1,008	1,008	1,008	1,008	1,008	1,008
Reserves	2,308	2,249	2,201	2,045	2,119	2,052
<b>Certificate holders' equity</b>	3,316	3,257	3,209	3,053	3,127	3,060
<b>NON-CURRENT LIABILITIES</b>						
Certificates of Musharaka - unsecured	-	-	-	-	-	3.00
Security deposits against lease financing assets	304	343	290	265	209	192
<b>CURRENT LIABILITIES</b>						
Certificates of Musharaka - current portion	3,051	2,360	1,534	1,008	969	610
Security deposits - current portion	94	75	81	55	58	49
Unearned lease financing installments rentals	10	13	4	27	18	10
Advance lease financing installments received	23	17	32	20	19	21
Trade & other payables	332	300	217	268	143	110
Taxation - net	2.79	2.79	2.79	2.79	2.79	2.79
Unclaimed profit distribution	28	26	24	22	20	18
<b>TOTAL EQUITY &amp; LIABILITIES</b>	7,161	6,393	5,393	4,719	4,565	4,075

### PROFIT & LOSS ACCOUNT (%)

	2016	2015	2014	2013	2012	2011
Lease financing income	1,384	1,438	1,510	1,483	1,406	1,418
Profit on diminishing musharaka	225	154	94	49	46	19
Depreciation on lease financing	1,133	1,152	1,212	1,166	1,073	1,091
Administrative expenses	81	75	71	68	58	56
Other Income	105	127	124	956	170	92
Other charges	7	7	6	21	16	7
Financial charges	155	139	115	102	92	66
Modaraba company's management fee	(34)	(35)	(33)	(115)	(38)	(31)
Sales tax on Management Co's remuneration	(5)	(5)	(5)	(23)		
<b>Profit for the year</b>	298	307	286	992	345	278
Earning per certificate - basic & diluted	1.48	1.52	1.42	4.92	1.71	1.38

## Vertical Analysis

### BALANCE SHEET (%)

	2015	2014	2013	2012	2011	2010
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Fixed Assets - tangible						
Lease Financing Assets	2,725	3,072	2,869	2,942	2,501	2,373
Assets in own use	9	9	11	13	8	6
Intangible Assets	0.308	0.662	1.501	1.409	2.126	0.095
Investment in diminishing musharaka	1,812	1,030	617	355	234	162
Long-term advances & deposits	5.7	0.687	1.200	2.493	1.517	2.837
<b>CURRENT ASSETS</b>						
Investments	1,011	985	975	997	1,486	1,251
Current maturity of diminishing musharaka	1,239	699	445	191	148	71
Lease financing installments receivable-secured, considered good	1	4	10	4	3	4
Trade deposits & short-term prepayments	5.9	3.571	8.456	11.318	5.091	4.937
Other receivables	24	43	53	33	25	21
Tax refund due from Government	79	59	31	38	28	17
Cash & bank balances	248	488	371	131	122	162
<b>TOTAL ASSETS</b>	<b>7,161</b>	<b>6,393</b>	<b>5,393</b>	<b>4,719</b>	<b>4,565</b>	<b>4,075</b>
<b>EQUITY &amp; LIABILITIES</b>						
<b>CAPITAL &amp; RESERVES</b>						
Authorized Certificate capital	1,100	1,100	1,100	1,100	1,100	1,100
Issued, subscribed & paid-up capital	1,008	1,008	1,008	1,008	1,008	1,008
Reserves	2,308	2,249	2,201	2,045	2,119	2,052
Certificate holders' equity	3,316	3,257	3,209	3,053	3,127	3,060
<b>NON-CURRENT LIABILITIES</b>						
Certificates of Musharaka - unsecured	-	-	-	-	-	3
Security deposits against lease financing assets	304	343	290	265	209	192
Deferred liability - Staff gratuity						-
<b>CURRENT LIABILITIES</b>						
Certificates of Musharaka - current portion	3,051	2,360	1,534	1,008	969	610
Security deposits - current portion	94	75	81	55	58	49
Unearned lease financing installments	10	13	4	27	18	10
Advance lease financing installments received	23	17	32	20	19	21
Trade & other payables	332	300	217	268	143	110
Taxation - net	2.79	2.79	2.79	2.79	2.79	2.79
Unclaimed profit distribution	28	26	24	22	20	18
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>7,161</b>	<b>6,393</b>	<b>5,393</b>	<b>4,719</b>	<b>4,565</b>	<b>4,075</b>

### PROFIT & LOSS ACCOUNT (%)

	2016	2015	2014	2013	2012	2011
lease financing income	1,384	1,438	1,510	1,483	1,406	1,418
Profit on diminishing musharaka	225	154	94	49	46	19
Other Income	105	127	124	956	170	92
Depreciation on lease financing assets	1,133	1,152	1,212	1,166	1,073	1,091
Administrative expenses	81	75	71	68	58	56
Other charges	7	7	6	21	16	7
Financial charges	155	139	115	102	92	66
Modaraba company's management fee	34	35	33	115	(38)	(31)
Sales tax on Management Co's remuneration	5	5	5	23		
Profit for the year	298	307	286	992	421	340
Earning per certificate - basic & diluted	1.48	1.52	1.42	4.92	1.71	1.38

## Notice of Annual Review Meeting

Notice is hereby given that the Annual Review Meeting of certificate-holders of First Habib Modaraba will be held on October 26, 2016 at 4.00 p.m. at Institute of Cost and Management Accountants of Pakistan (ICMAP) Building, ST-18/C Block-6, Gulshan-e-Iqbal, Karachi, to review the performance of the Modaraba for the year ended June 30, 2016.

The certificate holders whose names appear in the register of certificate holders of FHM as on October 24, 2016 will be eligible to attend the Annual Review Meeting.

By order of the Board

Adnan Thanwey  
Company Secretary

Karachi: October 5, 2016

### REQUEST TO CERTIFICATE HOLDERS

Pursuant to the directives of the Securities & Exchange Commission of Pakistan (SECP), CNIC number of Modaraba Certificate Holders has become mandatory to be mentioned on Dividend Warrant. Therefore, all those physical Modaraba Certificate Holders not yet submitted their CNIC are hereby requested to immediately send valid copy of CNIC at below mentioned address of Shares Registrar Office.

**Central Depository Company of Pakistan.**, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. Ph: 021-111-111-500

## Pattern of Certificate Holding

As Per Requirements Of Code Of Corporate Governance  
As at 30th June, 2016

Categories of certificate holders	Certificateholders	Certificate Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
ABBAS ALI MOHAMMED	1	40,000	0.02
MRS SHAMS HASHIM AND MOHAMMAD HASHIM	1	58,352	0.03
<b>Associated Companies, undertakings and related parties</b>			
HABIB MODARABA MANAGEMENT (PVT) LTD	2	100,501,732	49.85
TRUSTEE OF FIRST HABIB MODARABA EMPLOYEES CONTRIBUTORY P.F	1	158,000	0.08
<b>Executives</b>	1	10,000	0.00
<b>Public Sector Companies and Corporations</b>	4	1,841,644	0.91
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	9	7,584,217	3.76
<b>Mutual Funds</b>			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,584,070	0.79
<b>General Public</b>			
a. Local	3866	52,571,096	26.08
b. Foreign	804	2,619,417	1.30
<b>Foreign Companies</b>	14	3,422,552	1.70
<b>Others</b>	56	31,208,920	15.48
<b>Totals</b>	<b>4760</b>	<b>201,600,000</b>	<b>100.00</b>



## Pattern of Certificate Holding

As at 30th June, 2016

Number of Certificate Holders	Certificate Holdings			Total Certificate Held
701	1	to	100	34,414
1009	101	to	500	315,237
650	501	to	1000	497,541
1364	1001	to	5000	3,201,751
359	5001	to	10000	2,707,909
140	10001	to	15000	1,722,284
86	15001	to	20000	1,558,493
61	20001	to	25000	1,400,939
47	25001	to	30000	1,322,912
25	30001	to	35000	811,270
29	35001	to	40000	1,128,180
23	40001	to	45000	966,962
37	45001	to	50000	1,809,276
12	50001	to	55000	636,552
13	55001	to	60000	762,627
10	60001	to	65000	634,752
3	65001	to	70000	202,740
8	70001	to	75000	584,996
5	75001	to	80000	388,500
7	80001	to	85000	568,052
1	85001	to	90000	86,280
6	90001	to	95000	547,708
18	95001	to	100000	1,787,816
6	100001	to	105000	611,042
6	105001	to	110000	652,500
1	110001	to	115000	111,000
6	115001	to	120000	710,420
4	120001	to	125000	490,460
2	125001	to	130000	255,176
7	130001	to	135000	922,380
4	135001	to	140000	548,008
4	140001	to	145000	568,142
6	145001	to	150000	890,004
4	150001	to	155000	610,900
3	155001	to	160000	476,000
3	160001	to	165000	483,840
3	170001	to	175000	516,860
1	175001	to	180000	175,347
1	185001	to	190000	190,000
1	190001	to	195000	192,000
4	195001	to	200000	798,000
3	200001	to	205000	607,100
1	205001	to	210000	206,600
3	210001	to	215000	641,060
3	215001	to	220000	652,620
3	225001	to	230000	682,800
2	235001	to	240000	473,436
2	240001	to	245000	486,320
3	245001	to	250000	749,000
2	255001	to	260000	515,500
2	260001	to	265000	520,796
2	265001	to	270000	538,000
2	270001	to	275000	549,000
3	275001	to	280000	833,984
2	280001	to	285000	564,480
2	290001	to	295000	587,000
2	295001	to	300000	600,000
1	320001	to	325000	322,560
1	325001	to	330000	326,000
2	345001	to	350000	700,000
1	385001	to	390000	389,000
2	400001	to	405000	800,800
1	405001	to	410000	410,000
1	425001	to	430000	425,344
1	445001	to	450000	446,000
1	455001	to	460000	459,328
1	475001	to	480000	477,500
3	495001	to	500000	1,500,000
3	500001	to	505000	1,508,071
1	535001	to	540000	537,500
1	590001	to	595000	592,600
1	675001	to	680000	675,800
1	680001	to	685000	685,000
3	820001	to	825000	2,472,832
2	850001	to	855000	1,705,500
1	855001	to	860000	858,500
1	895001	to	900000	900,000
1	995001	to	1000000	1,000,000
1	1030001	to	1035000	1,034,200
1	1180001	to	1185000	1,185,000
1	1195001	to	1200000	1,200,000
1	1300001	to	1305000	1,300,192
1	1510001	to	1515000	1,511,250
1	1580001	to	1585000	1,584,070
1	1825001	to	1830000	1,828,000
1	2120001	to	2125000	2,121,000
1	2140001	to	2145000	2,143,315
1	2980001	to	2985000	2,982,500
1	20155001	to	20160000	20,160,000
1	24925001	to	24930000	24,929,440
1	80340001	to	80345000	80,341,732
4760				201,600,000

## STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE – YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with Code of Corporate Governance (CCG) contained in Clause 5.19 under Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

The Modaraba Management Company (hereafter referred to as the Company) has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Syed Rasheed Akhtar
Executive Director	Mr. Muhammad Shoaib
Non-Executive Directors	Mr. Wazir Mumtaz Ahmed
	Mr. Abbas Ali Muhammad
	Mr. Muhammad Hashim

The independent directors meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged training programs for its directors during the year.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of shareholding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. . It comprises three members, of whom all are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi: August 30. 2016

**Muhammad Shoaib Ibrahim**  
Chief Executive Officer

## REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **HABIB MODARABA MANAGEMENT (PRIVATE) LIMITED**, the Management Company of **FIRST HABIB MODARABA** for the year ended June 30, 2016 to comply with the requirements of rule 5.19 of the listing rule book of the Pakistan Stock Exchange Limited, where the Modaraba is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Modaraba. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba's corporate governance procedures and risks.

The Code require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code as applicable to the Modaraba for the year ended June 30, 2016.

Karachi : August 30, 2016

Muniff Ziauddin & Co.  
Chartered Accountants  
Engagement Partner  
Muhammad Moin Khan





*All Praise is due to Allah, the Cherisher of the world  
Peace and Blessings be upon the Prophet of Allah, on his family and all his companions, and on those who  
follow him with Iman till the day of Aakhirah*

## **SHARIAH CERTIFICATE FOR FIRST HABIB MODARABA**

FOR THE PERIOD ENDED JUNE 2016

By the Grace of Allah, I have conducted the Shari'ah review of First Habib Modaraba managed by Habib Modaraba Management (Pvt.) Ltd. for the year ended June 30, 2016 in accordance with requirement of the Shari'a Compliance and Shari'ah Audit Mechanism for Modaraba.

I acknowledge and certify that as Sharia Advisor of the Modaraba, the financial arrangements, contracts and transactions entered into by the company with its participants, stakeholders and customers are in compliance with the requirements of Sharia rules and principles. During the review I have verified the following in compliance with Shariah mechanism:

- ◆ The transactions of Lease and Diminishing Musharakah were reviewed on random selection basis.
- ◆ Declarations, description of assets, relevant purchase invoices, sequence and order of the documents and time difference between purchases and declaration where applicable were reviewed to obviate the possibility of fictitious transactions.
- ◆ Sharia Compliance Checklists (SCC) of transactions was also reviewed on random basis.
- ◆ During the year, credit approvals, restructuring of financing facilities, customer-specific transaction process flows, text of documents and security documents were reviewed to ensure Shariah compliance while offering financing products to the customers.
- ◆ Random physical inspections and concrete measures were taken to verify the purchase evidences and invoices of financing transactions, thus further improving the quality of internal controls.
- ◆ Charity account was reviewed and found in line with the direction of rules and regulation.
- ◆ All the investments were made in Shariah compliant Scripts; however the script of OGDCL, was sold in the current year and it was not in the list of KMI-100 thus the capital gain derived from the said script was transferred to charity account due to non shariah complaint income.
- ◆ Other related documents and procedures followed by different functional areas were found proper.
- ◆ Profit-sharing ratio, profit weightages and distribution of profit to COM depositors.

During the year onsite training has been given to the staff, however specific training was also conducted for the staff including all staff of the branches on pool management and Istisna.

### **Observations & Recommendations**

- ◆ First Habib Modaraba has its sizeable portfolio of assets insured through conventional insurance companies; however management has started conversion of its asset portfolio to Takaful windows after window takaful operations have started.
- ◆ More shariah related operational training is required to strengthen the shariah compliance framework.
- ◆ New products should be introduced to enhance the product line to promote the Islamic finance.
- ◆ Ensure to maintain and invest only in shariah complaint script as per KMI 100 index of Pakistan Stock exchange.

### **Conclusion**

Based on the extensive reviews of sample cases for each class of transaction, related documentation, processes, profit distribution mechanism for the depositors and management's representation made in this regard, in my opinion, the affairs, activities and transactions, performed by the Modaraba during the year comply with the rules & principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Advisor and guidelines issued by office of the Registrar Modaraba, Security Exchange Commission of Pakistan (SECP).

May Allah bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the hereafter, and forgive our mistakes.

Wassalam Alaikum Wa Rahmat Allah Wa Barakatuh.

**Mufti Abdul Sattar Leghari**

Shariah Advisor

Dated: 2nd Ziq'a'd 1437 H / August 8, 2016

## **Auditors' Report To The Certificate Holders**

We have audited the annexed balance sheet of First Habib Modaraba (the Modaraba) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the Modaraba Company's [Habib Modaraba Management (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of account have been kept by the Modaraba Company in respect of First Habib Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980), and Modaraba Companies and Modaraba Rules, 1981;
- b) In our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business and
  - iii) the business conducted, investment made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) In our opinion and to the best of our information and according to explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi : August 30, 2016

**Muniff Ziauddin & Co.**  
Chartered Accountants  
Engagement Partner  
Muhammad Moin Khan

**BALANCE SHEET**

As at June 30, 2016

	Note	2016	2015
		-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets - tangible			
Lease Financing assets	5	2,725,212,037	3,072,311,550
Assets in own use	5.2	8,552,118	8,637,666
		2,733,764,155	3,080,949,216
Intangible assets	6	307,651	661,638
Diminishing musharaka financing	7	1,812,456,774	1,029,713,235
Long term advances, deposits and prepayments	8	5,692,200	687,450
		4,552,220,780	4,112,011,539
<b>CURRENT ASSETS</b>			
Investments	9	1,011,035,269	985,220,547
Current portion of diminishing musharaka financing	7	1,239,061,566	699,404,010
Lease Financing installments receivable	10	881,616	3,601,077
Advances and short term prepayments	11	5,926,930	3,571,280
Other receivables	12	24,001,015	42,784,358
Tax refund	13	79,479,382	59,184,873
Cash and bank balances	14	248,143,222	487,512,972
		2,608,529,000	2,281,279,117
		7,160,749,780	6,393,290,656
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Certificate capital :			
Authorized			
220,000,000 (2015: 220,000,000)			
certificates of Rs. 5/- each		1,100,000,000	1,100,000,000
Issued, subscribed and paid-up capital	15	1,008,000,000	1,008,000,000
Reserves	16	2,308,055,273	2,248,855,321
Certificate holders' equity		3,316,055,273	3,256,855,321
<b>NON-CURRENT LIABILITIES</b>			
Security deposits against Lease Financing assets	17	304,061,240	343,300,486
<b>CURRENT LIABILITIES</b>			
Certificate of Investment (Musharaka)	18	3,050,913,721	2,360,079,584
Security deposits - current portion	17	93,882,475	75,200,074
Unearned Lease Financing and diminishing musharaka installments		10,482,879	13,002,325
Advance Lease Financing and diminishing musharaka installments		22,846,363	16,521,499
Trade and other payables	19	285,006,414	251,292,016
Profit payable on Certificate of Investment (Musharaka)		46,565,887	48,570,764
Taxation		2,790,833	2,790,833
Unclaimed profit distribution		28,144,694	25,677,754
		3,540,633,267	2,793,134,849
<b>CONTINGENCIES AND COMMITMENTS</b>	20		
<b>TOTAL EQUITY AND LIABILITIES</b>		7,160,749,780	6,393,290,656

The annexed notes 1 to 43 form an integral part of these financial statements.

**For Habib Modaraba Management (Private) Limited**  
**(Management Company)**

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		-----Rupees-----	
Income from Lease Financing	21	250,631,485	286,085,820
Income on diminishing musharaka financing		224,886,195	154,250,675
		475,517,680	440,336,495
Administrative expenses	22	(80,770,950)	(74,774,955)
		394,746,730	365,561,540
Other income	23	105,362,647	127,339,888
Other operating charges	24	(1,207,940)	(537,300)
		498,901,437	492,364,128
Financial charges	25	(155,345,333)	(138,968,139)
		343,556,104	353,395,989
Modaraba Management Company's remuneration		(34,355,610)	(35,339,599)
Services sales tax on Managemet Company's remuneration	26	(4,809,785)	(5,300,940)
		304,390,709	312,755,450
<b>Wokers Welfare Fund</b>		(6,087,814)	(6,255,109)
Profit before taxation		298,302,894	306,500,341
Taxation		-	-
<b>Profit for the year</b>		298,302,894	306,500,341
Earnings per certificate - basic and diluted	37	1.48	1.52

The annexed notes 1 to 43 form an integral part of these financial statements.

**For Habib Modaraba Management (Private) Limited  
(Management Company)**

**CHIEF EXECUTIVE**

**DIRECTOR**

**DIRECTOR**



## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	-----Rupees-----	
Profit for the year	298,302,894	306,500,341
Movement in available for sale investments	(17,396,616)	(36,631,178)
Actuarial gain on defined benefit plan	53,674	126,792
Total comprehensive income for the year	<u>280,959,952</u>	<u>269,995,955</u>

The annexed notes 1 to 43 form an integral part of these financial statements.

For Habib Modaraba Management (Private) Limited  
(Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

## CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		-----Rupees-----	
<b>Cash flow from operating activities</b>			
Cash generated from operations	39	1,586,122,359	1,625,589,202
Disbursement of Lease Financing assets		(1,124,233,507)	(1,742,092,567)
Proceeds from transfer of Lease Financing assets		367,857,478	406,242,415
Diminishing musharaka financing - net		(1,322,401,095)	(667,997,665)
Lessee's security deposits:			
Received		87,036,770	150,639,615
Refunded / adjusted		(107,593,615)	(103,376,480)
Net lessee's security deposits		(20,556,845)	47,263,135
Financial charges paid		(157,036,353)	(118,459,210)
Gratuity paid		(1,723,503)	(1,569,156)
Net cash outflow from operating activities		(671,971,466)	(451,023,846)
<b>Cash flow from investing activities</b>			
Purchase of owned assets (including intangibles)		(3,366,695)	(1,998,679)
Proceeds from disposal of owned assets		122,330	57,000
Purchase of investments - available for sale		(851,884,567)	(46,618,982)
Redemption of Ijarah Sukuk bonds		800,000,000	-
Proceeds from disposal of investments		10,800,753	730,149
Dividend received		10,393,568	8,093,717
Long-term advances, deposits and prepayments		(5,004,750)	512,600
Net cash (used in) / generated from investing activities		(38,939,361)	(39,224,195)
<b>Cash flow from financing activities</b>			
Profit distribution paid		(219,293,060)	(219,781,690)
Certificate of Investment (Musharaka)		690,834,137	826,410,817
Net cash inflow from financing activities		471,541,077	606,629,127
Net increase in cash and cash equivalents		(239,369,750)	116,381,086
Cash and cash equivalents at the beginning of the year		487,512,972	371,131,886
Cash and cash equivalents at the end of the year		248,143,222	487,512,972

The annexed notes 1 to 43 form an integral part of these financial statements.

**For Habib Modaraba Management (Private) Limited  
(Management Company)**

**CHIEF EXECUTIVE**

**DIRECTOR**

**DIRECTOR**

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2016

	Capital reserves			Revenue Reserves				
	Certificate capital	Certificate premium	Statutory reserve	General reserve	Unrealized gain on investments	Unappropriated profit	Total reserves	Total
	-----Rupees-----							
Balance as at July 01, 2014	1,008,000,000	378,000,000	834,540,718	640,000,000	107,835,091	240,243,557	2,200,619,366	3,208,619,366
Profit distribution for the year ended June 30, 2014 at 22%	-	-	-	-	-	(221,760,000)	(221,760,000)	(221,760,000)
Transfer to general reserve	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(36,631,178)	306,627,133	269,995,955	269,995,955
Transfer to statutory reserve at 25%	-	-	76,625,085	-	-	(76,625,085)	-	-
Balance as on June 30, 2015	1,008,000,000	378,000,000	911,165,803	640,000,000	71,203,913	248,485,605	2,248,855,321	3,256,855,321
Balance as on July 01, 2015	1,008,000,000	378,000,000	911,165,803	640,000,000	71,203,913	248,485,605	2,248,855,321	3,256,855,321
Profit distribution for the year ended June 30, 2015 at 22%	-	-	-	-	-	(221,760,000)	(221,760,000)	(221,760,000)
Total comprehensive income for the year	-	-	-	-	(17,396,616)	298,356,568	280,959,952	280,959,952
Transfer to statutory reserve at 30%	-	-	89,490,868	-	-	(89,490,868)	-	-
Balance as at June 30, 2016	1,008,000,000	378,000,000	1,000,656,671	640,000,000	53,807,297	235,591,305	2,308,055,273	3,316,055,273

The annexed notes 1 to 43 form an integral part of these financial statements.

For Habib Modaraba Management (Private) Limited  
(Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2016

### **1 STATUS AND NATURE OF BUSINESS**

First Habib Modaraba (the Modaraba) is a perpetual, multi-purpose modaraba floated and managed by Habib Modaraba Management (Private) Limited (the Modaraba Management Company) having its registered office at 5th Floor, HBZ Plaza, I.I. Chundrigar Road, Karachi. The Modaraba is listed on Pakistan Stock Exchange. The Modaraba is engaged in the business of leasing, Musharaka, Murabaha financing and other related business.

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws). Approved accounting standards comprise such International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of relevant laws or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the relevant laws and the said directives take precedence.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

#### **2.2 Basis of measurement**

These financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IAS-39 "Financial Instruments: Recognition and Measurement", wherever applicable.

Permissible Islamic financial products including Murabaha (as a liability) and Musharaka have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon. Accordingly, purchases, sales and Musharaka profits / reserves are not reflected in these financial statements except for Murabaha facility (as an asset) which has been accounted for in line with Islamic Financial Accounting Standard - 1.

The Securities and Exchange Commission of Pakistan (SECP) has directed that Islamic Financial Accounting Standard 2 shall be followed in regard to the financial statements by companies and modarabas while accounting for Lease Financing transactions as defined by the said standard.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

#### **2.3 Functional and presentation currency**

These financial statements have been presented in Pakistan Rupees, which is the functional and presentation currency of the Modaraba.

#### **2.4 Significant accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in

any future period effected. In the process of applying the Modaraba's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

#### Useful lives, pattern of flow of economic benefits and impairment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the analysis by the management of the Modaraba. Further, the Modaraba reviews the value of the assets for possible impairment on an annual basis and any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

#### Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 19.3 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might effect unrecognized gains and losses in those years.

#### Provisions against non performing financing (Suspense income)

The Modaraba reviews its overdue Lease Financing installments and diminishing musharka at each reporting date to assess whether provision should be recorded in the profit and loss account, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the SECP. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions regarding a number of factors and actual results may differ, resulting in future changes to the provisions.

### 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or Amendment		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 5	Non-current Assets Held for Sale and Discontinued	January 1, 2016
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2016
IFRS 11	Joint Arrangements (Amendments)	January 1, 2016
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016

The Modaraba expects that the adoption of the above amendments and interpretations will not affect its financial statements in the period of initial application.



In addition to the above amendments and interpretations, improvements to the following accounting standards have also been issued by IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2015.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 13 Fair value measurement	January 1, 2015

## 4 SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Revenue recognition

#### Lease Financing installments are recognized on accrual basis.

Income from Murabaha is accounted for on consummation of Murabaha transaction. However, profit on that portion of revenue not due for payment (deferred Murabaha income) is deferred and recognized on a time proportionate basis.

Income on diminishing musharaka financing is recognized on accrual basis.

Income on Sukuk bond is recognized on accrual basis.

Dividend income is recognized when the right to receive the dividend is established.

Return on deposit accounts is recognized on accrual basis.

Gain / (loss) on available-for-sale investments is recognized at the time of disposal of investment.

### 4.2 Fixed assets – Tangible

#### (a) Lease Financing assets

Lease Financing assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of an asset less salvage value is written off over the Lease Financing period, which is considered to be the estimated useful life of the asset. In respect of additions and disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.

#### (b) Assets in own use

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, depreciation is charged proportionately for the period of use.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized if the recognition criteria are met.

The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each year end.

#### (c) Gain or loss on disposal

Gain or loss on disposal of assets, if any, is recognized as and when incurred.

#### (d) Impairment

The Modaraba assesses at each balance sheet date whether there is any indication that assets excluding inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the profit and loss account.

### 4.3 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any.

Amortization is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, amortization is charged proportionately for the period of use.

### 4.4 Financial assets

Financial assets in the scope of IAS 39, are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. The Modaraba determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

#### i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'Financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, if any, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in profit and loss account.

#### ii) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Modaraba has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments, that are intended to be held-to-maturity, are subsequently measured at amortized cost.

This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest rate method, of a difference between the initially recognized amount and the maturity amount. This calculation includes all fees and charges paid or received between parties to the contract that are an integral part of the effective interest rate, transaction cost and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as, through the amortization process.

#### iii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss account when the loans and receivables are derecognized or impaired, as well as, through the amortization process.

#### iv) Available-for-sale

Available-for-sale financial assets are those non derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains and losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid price at the close of business on the balance sheet date. For investments where there is no active market, value is determined using valuation techniques.

#### 4.5 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognized on the trade date i.e. the date that the Modaraba commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within three working days after the transaction date as per stock exchange regulations.

#### 4.6 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are security deposits against Lease Financing assets declared, unclaimed profit distribution and other liabilities.

#### 4.7 Recognition and derecognition of financial instruments

Financial assets are recognized initially at fair value or in case of financial assets that are not carried at fair value through profit or loss, at fair value plus transaction cost.

All financial assets and liabilities are recognized at the time when the entity becomes party to the contractual provisions of the instrument and are recognized in case of assets, when the contractual rights under the instrument are recognized, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired.

Any gain / (loss) on the recognition and derecognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

Assets and liabilities that are not of contractual nature and that are created as a result of statutory requirements imposed by the Government are not financial instruments of the Modaraba.

#### 4.8 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Modaraba intends to either settle on a net basis, or to recognize the asset and settle the liability simultaneously.

#### 4.9 Lease Financing installments, Diminishing musharaka and Murabaha finance receivables

Lease Financing installments, Diminishing musharaka financing and Murabaha finance receivables are stated net of provision and suspense income. Provision is recognized for Lease Financing installments receivable, in accordance with the Prudential Regulations for Modarabas. Bad debts are written-off when identified.

#### 4.10 Cash and cash equivalents

Cash and cash equivalents are carried at cost.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and stamps in hand.

#### 4.11 Finance arrangements including Certificate of Investment (Musharaka)

These are carried at the balance sheet at the principal amount. The amount received by the modaraba from Certificate of Investment holders is invested in the overall business activity of the modaraba on the basis of full participation in the profit and loss of the modaraba.

The profit shall be shared by Certificate of Investment holders and certificate holders in accordance with the agreed ratio. Profit on certificate of investment arrangement are recognized as financial expense in the period in which they incurred.

Profit on Musharaka finance is accounted for on the basis of the projected rate of profit. The effect of adjustments, if any, between actual rate and projected rate of profit is accounted for at the end of each quarter after determination of the actual rate.

#### 4.12 Staff retirement benefits

##### (a) Gratuity scheme

The Modaraba operates a gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. The scheme is administered by the Trustees nominated under the Trust Deed. The contributions to the scheme are made in accordance with actuarial valuation using Projected Unit Credit Method.

Actuarial gains and losses arising at each valuation date are recognized immediately.

##### (b) Provident fund

The Modaraba also operates an approved funded contributory provident fund scheme for all its employees who are eligible under the scheme. Equal monthly contributions at the rate of 10 percent of basic salary are made by the Modaraba and the employees.

#### 4.13 Compensated absences

The Modaraba accounts for these benefits in the period in which the absences are earned.

#### 4.14 Taxation

##### Current

Provision for current taxation is made on taxable income at the prevailing rates of tax after taking into account tax credits available, if any. Under clause 100 of Part - I of the Second Schedule to the Income Tax Ordinance, 2001, the income of non-trading modarabas is exempt from tax provided that not less than 90 percent of their profits are distributed to the certificate holders.

##### Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and financial statements used for taxation purposes. However, deferred tax liability has not been provided in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

#### 4.15 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

#### 4.16 Profit distribution and other appropriations of profit

Profit distribution and other appropriations of profit are recognized in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.

#### 4.17 Related party transactions

All transactions with the related parties are priced on arm's length basis. Prices for those transactions are determined on the basis of admissible valuation methods.

	Note	2016	2015
<b>5 Lease Financing assets</b>		-----Rupees-----	
Lease Financing assets	5.1	2,538,992,753	2,619,047,150
Advance against Lease Financing assets	5.1.1	186,219,284	453,264,400
		<u>2,725,212,037</u>	<u>3,072,311,550</u>

## 5.1 Lease Financing assets

Particulars	June 30, 2016								
	COST			DEPRECIATION			Impairment	Written down value as at June 30, 2016	Rate of depreciation %
	As at July 01, 2015	Additions / (disposals) during the year	As at June 30, 2016	As at July 01, 2015	Charge / (adjustments) for the year	As at June 30, 2016			
	-----Rupees-----								
Plant, machinery and equipment	635,189,979	112,339,450 (206,755,184)	540,774,245	338,830,160	245,031,589 (203,025,257)	380,836,490	8,028,061	151,909,694	8.33 to 50
Vehicles	4,119,393,996	1,278,939,173 (1,367,668,619)	4,030,664,550	1,788,678,604	887,903,784 (1,033,000,899)	1,643,581,489	-	2,387,083,061	15 to 33.33
	4,754,583,975	1,391,278,623 (1,574,423,803)	4,571,438,795	2,127,508,764	1,132,935,373 (1,236,026,156)	2,024,417,981	8,028,061	2,538,992,753	

Particulars	June 30, 2015								
	COST			DEPRECIATION			Impairment	Written down value as at June 30, 2015	Rate of depreciation %
	As at July 01, 2014	Additions / (disposals) during the year	As at June 30, 2015	As at July 01, 2014	Charge / (adjustments) for the year	As at June 30, 2015			
	-----Rupees-----								
Plant, machinery and equipment	762,608,753	204,498,877 (331,917,651)	635,189,979	389,940,792	178,684,723 (229,795,355)	338,830,160	8,028,061	288,331,758	8.33 to 50
Vehicles	4,108,560,842	1,248,374,590 (1,237,541,436)	4,119,393,996	1,768,629,066	973,314,143 (953,264,605)	1,788,678,604	-	2,330,715,392	15 to 33.33
	4,871,169,595	1,452,873,467 (1,569,459,087)	4,754,583,975	2,158,569,858	1,151,998,866 (1,183,059,960)	2,127,508,764	8,028,061	2,619,047,150	

### 5.1.1 Advance against Lease Financing assets

The Lease Financing assets cost includes an amount of Rs.186.219 million (2015: Rs.453.264 million) relating to advance against Lease Financing assets which have not yet been delivered to lessee.

## 5.2 Assets in own use

Particulars	June 30, 2016							
	COST			DEPRECIATION			Written down value as at June 30, 2016	Rate of depreciation %
	As at July 01, 2015	Additions / (disposals) during the year	As at June 30, 2016	As at July 01, 2015	Charge / (adjustments) for the year	As at June 30, 2016		
	-----Rupees-----							
Office equipment	12,478,096	738,600	13,216,696	10,518,554	1,498,022	12,016,576	1,200,120	25 to 33.33
Furniture and fixture	7,898,362	- 587,110 (507,414)	7,978,058	6,739,516	- 504,447 (507,413)	6,736,550	1,241,508	20
Vehicles	8,864,929	1,078,000 (63,601)	9,879,328	3,345,652	1,433,719 (63,597)	4,715,774	5,163,554	16.67
Leashold Improvements	-	962,985	962,985	-	16,049	16,049	946,936	16.67
	29,241,387	3,366,695 (571,015)	32,037,067	20,603,722	3,452,237 (571,010)	23,484,949	8,552,118	



June 30, 2015								
Particulars	COST			DEPRECIATION			Written down value as at June 30, 2015	Rate of depreciation %
	As at July 01, 2014	Additions / (disposals) during the year	As at June 30, 2015	As at July 01, 2014	Charge / (adjustments) for the year	As at June 30, 2015		
	-----Rupees-----							
Office equipment	13,203,846	649,515 (1,375,265)	12,478,096	9,253,303	2,640,443 (1,375,192)	10,518,554	1,959,542	25 to 33.33
Furniture and fixture	8,649,519	493,930 (1,245,087)	7,898,362	7,352,604	631,938 (1,245,026)	6,739,516	1,158,846	20
Vehicles	8,932,349	768,000 (835,420)	8,864,929	2,975,660	1,182,423 (812,431)	3,345,652	5,519,277	16.67
	30,785,714	1,911,445 (3,455,772)	29,241,387	19,581,567	4,454,803 (3,432,648)	20,603,722	8,637,665	

### 5.3 Disposal of assets in own use

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
-----Rupees-----						
Import General Split A/c	137,525	137,524	1	5,500	Quotation	Rizwan Cool Centre
Import General Split A/c	137,525	137,524	1	5,500	Quotation	Rizwan Cool Centre
Import General Split A/c	116,183	116,182	1	5,500	Quotation	Rizwan Cool Centre
Import General Split A/c	116,183	116,182	1	5,500	Quotation	Rizwan Cool Centre
Suzuki Culuts	63,601	63,597	4	100,330	Quotation	Mr. Farrukh Bari
	571,017	571,009	8	122,330		

## 6 INTANGIBLE ASSETS

Particulars	COST			DEPRECIATION			Written down value as at June 30, 2016	Rate of amortization %
	As at July 01, 2015	Additions / (disposals) during the year	As at June 30, 2016	As at July 01, 2015	Charge / (adjustments) for the year	As at June 30, 2016		
	-----Rupees-----							
Computer software	3,417,019	-	3,417,019	2,755,381	353,987	3,109,368	307,651	33.33
		-			-			
Computer software - 2015	3,329,785	87,234	3,417,019	1,829,094	926,287	2,755,381	661,638	33.33
		-			-			

**7 DIMINISHING MUSHARAKA FINANCING**

	Note	2016	2015
		-----Rupees-----	
Secured			
Diminishing musharaka financing	7.1	2,713,265,520	1,569,917,509
Less: Current portion shown in current assets		(1,239,061,566)	(699,404,010)
		1,474,203,954	870,513,499
Advance against diminishing musharaka financing		338,252,820	159,199,736
		<u>1,812,456,774</u>	<u>1,029,713,235</u>

**7.1** This represents diminishing musharaka financing for a term of 1 to 5 years.

**8 LONG-TERM ADVANCES, DEPOSITS AND PREPAYMENTS**

	2016	2015
	-----Rupees-----	
Long-term deposits		
Security deposit to Central Depository Company of Pakistan Limited	150,000	150,000
Security deposit of Lahore office	120,000	120,000
Security deposit of Islamabad office	130,000	130,000
Security deposit of Store room	69,000	69,000
Security deposit to Habib Metropolitan Bank for locker	130,000	130,000
Miscellaneous deposits	66,850	66,850
	665,850	665,850
Prepayments		
Prepaid expenses	5,026,350	21,600
	<u>5,692,200</u>	<u>687,450</u>

**9 INVESTMENTS**

	Note	2016	2015
		-----Rupees-----	
Available for sale			
Investment in shares	9.1	204,715,270	180,180,547
Investment in Ijarah Sukuk bonds	9.2	806,320,000	805,040,000
		<u>1,011,035,269</u>	<u>985,220,547</u>

		2016		2016		2015	
Shares of listed companies		Name of company		Average cost	Carrying value at fair value (Market price)	Average cost	Carrying value at fair value (Market price)
Number of shares		-----Rupees-----					
2016	2015						
		Automobile and Parts					
-	330	Pak Suzuki Motor Company Limited	-	-	1,750	143,850	
		Banks					
2,379,500	2,327,978	Bank Islami Pakistan Limited	13,505,190	25,056,135	12,961,238	23,745,376	
1,500,000	1,499,992	Meezan Bank Limited	32,726,750	63,750,000	32,726,358	61,499,672	
		Equity Investment Instrument					
5,000	5,000	Al-Meezan Mutual Fund Limited	43,690	89,900	43,690	80,850	
5,000	5,000	Meezan Balanced Fund	39,090	79,200	39,090	73,000	
		Pharma and Bio Tech					
-	1,000	Abbott Laboratories (Pakistan) Limited	-	-	46,348	667,310	
		Chemicals					
-	665	ICI Pakistan Limited	-	-	90,062	285,199	
100,000		Ghani Gases Limited	2,052,106	1,959,000			
		Food Producers					
1,000,000	647,857	Habib Sugar Mills Limited	26,156,471	37,340,000	12,912,178	27,106,337	
		Telecommunication					
2,000,000	500,000	Pakistan Telecommunication Limited	34,693,739	30,060,000	10,118,291	10,250,000	
		Oil and Gas					
	3,168	Pakistan State Oil Company Limited			294,463	1,222,182	
234,698	289,698	Pakistan Petroleum Limited	32,539,410	36,389,925	40,164,815	47,585,793	
-	2,000	Oil and Gas Development Company Limited	-	-	145,640	358,480	
-	1,190	Mari Petroleum Company Limited	-	-	95,691	557,634	
		Cement					
-	1,000	Lucky Cement	-	-	126,129	519,620	
		Power Generation and Distrubution					
35,000	25,000	Hub Power Company Ltd.	2,591,191	4,202,100	1,498,192	2,339,250	
		Fertilizer					
1,000	1,000	Fauji Fertilizer Bin Qasim	40,262	53,010	40,262	55,320	
50,000	24,700	Fauji Fertilizer Company Limited	5,407,815	5,736,000	2,712,438	3,690,674	
			149,795,714	204,715,270	114,016,635	180,180,547	

## Investment in sukuk

807,432,258	806,320,000	800,000,000	805,040,000
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## 137

	Note	2016	2015
		-----Rupees-----	
<b>10 LEASE FINANCING INSTALLMENTS RECEIVABLE</b>			
Secured - considered good			
Lease Financing installments due		881,616	3,601,077
Suspense Lease Financing installments	10.1	-	-
		<u>881,616</u>	<u>3,601,077</u>
<b>10.1</b>	Suspense Lease Financing installments represent amounts overdue on Lease Financing assets.		
<b>11 ADVANCES AND SHORT TERM PREPAYMENTS</b>			
Advances		378,750	84,000
Short term prepayments		5,548,180	3,487,280
		<u>5,926,930</u>	<u>3,571,280</u>
<b>12 OTHER RECEIVABLES</b>			
Unsecured - considered good			
Profit receivable on modaraba deposit accounts		967,465	1,361,073
Profit receivable on Ijarah Sukuk bond		1,554,387	15,807,792
Profit on Islamic Investment Certificates		-	106,164
Advance tax		20,370,457	23,729,509
Registration charges receivable		53,821	941,293
Other receivables		1,054,885	838,527
		<u>24,001,015</u>	<u>42,784,358</u>
<b>13 TAX REFUND</b>			
Income tax		79,479,382	59,184,873
		<u>79,479,382</u>	<u>59,184,873</u>
<b>14 CASH AND BANK BALANCES</b>			
Stamps in hand		1,054,129	684,131
Cash at banks			
Current account			
State Bank of Pakistan		51,341	14,750
With other banks		2,217,970	291,757
Deposit accounts			
Modaraba Deposit account Burj Bank Limited	14.1	100	-
Modaraba Deposit account HMB Islamic branch	14.2	244,805,242	336,512,333
Redemption fund for Certificates of Musharaka (deposits)	14.3	14,438	10,001
Term Deposit accounts Meezan Bank Limited	14.4	-	50,000,000
Term Deposit accounts Albaraka Bank Limited	14.4	-	50,000,000
Term Deposit accounts Soneri Islamic Banking	14.4	-	50,000,000
		<u>244,819,781</u>	<u>486,522,334</u>
		<u>248,143,222</u>	<u>487,512,972</u>
<b>14.1</b>	The profit on the above modaraba deposit account ranges between 1.95% to 2.70% per annum (2015: 2.90% to 4.75% per annum)		
<b>14.2</b>	The profit on the above modaraba deposit account ranges between 3.97% to 5.89% per annum. (2015: 6.04% to 8.80% per annum)		
<b>14.3</b>	The profit on the above deposit account ranges between 3.97% to 5.89% per annum. (2015: 6.04% to 8.80% p.a)		
<b>14.4</b>	The profit on the above deposit account ranges between 4.83% to 6.9% per annum. (2015: 6.00% to 8.80% per annum)		

	Note	2016	2015
<b>15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		<b>Rupees</b>	
<b>2016</b>			
<b>2015</b>			
(Number of certificates)			
193,900,000	Certificates of Rs. 5/- each issued for cash	969,500,000	969,500,000
7,700,000	Certificates of Rs. 5/- each issued as bonus	38,500,000	38,500,000
<u>201,600,000</u>		<u>1,008,000,000</u>	<u>1,008,000,000</u>
<b>16 RESERVES</b>			
Capital reserves			
Premium on issuance of certificates		378,000,000	378,000,000
Statutory	16.1	1,000,656,671	911,165,803
		<u>1,378,656,671</u>	<u>1,289,165,803</u>
Revenue reserves			
General		640,000,000	640,000,000
Unrealized gain on available-for-sale investments		53,807,297	71,203,913
Unappropriated profit		235,591,305	248,485,605
		<u>929,398,602</u>	<u>959,689,518</u>
		<u>2,308,055,273</u>	<u>2,248,855,321</u>
<b>16.1</b>	This represents profit set aside to comply with requirement of Prudential Regulations for Modarabas issued by SECP, which is not available for distribution.		
<b>17 SECURITY DEPOSITS AGAINST Lease Financing assets</b>			
Lessee security deposits	17.1	397,943,715	418,500,560
Less: Current portion shown under current liabilities		(93,882,475)	(75,200,074)
		<u>304,061,240</u>	<u>343,300,486</u>
<b>18 Certificate of Investment (Musharaka)</b>			
Unsecured			
Certificate of Investment (Musharaka)	18.1	3,050,913,721	2,360,079,584
<b>18.1</b>	The estimated share of profit paid / payable on the above unsecured deposit ranges between 5.5% to 8.50% per annum (2015: 6.25% to 10.00% per annum).		
<b>19 TRADE AND OTHER PAYABLES</b>			
Accrued liabilities		49,984,610	42,814,510
Adjustable against Lease Financing contracts	19.1	129,798,449	113,318,449
Advance against sale of diminishing musharaka units		7,010,193	6,859,505
Workers' Welfare Fund		25,204,134	19,116,320
Management fee payable		34,355,610	35,339,599
Sales tax on management fee payable	19.2	38,653,418	33,843,633
Gratuity payable	19.3	-	-
		<u>285,006,414</u>	<u>251,292,016</u>



**19.1** This relates to withholding tax deposited pertaining to Lease Financing vehicles. The amounts are adjustable against Lease Financing contracts upon receipt of refunds from tax authorities.

**19.2** Pursuant to Order of Sindh Revenue Board (SRB), the Modaraba has recorded a provision in respect of Sindh sales tax on Management Company's remuneration at the rate of 14% per annum, which is pending adjudication.

Considering the view that the amount is a profit sharing rather than a fixed fee against rendering of management services by the Management Company up to 10% of Modarabas profit as provided in the Modaraba Ordinance, in case of loss in Modaraba venture the Management Company is not entitled to claim any remuneration. Therefore, Management has filed a reference appeal before High Court of Sindh in which stay has been granted against the order of appellate Tribunal of Sindh Revenue Board, As the Case is still pending, therefore the final outcome cannot be determined.

**19.3 Staff retirement benefits - Defined benefit plan**

**a General description**

As mentioned in note 4.12, the Modaraba operates an approved funded gratuity scheme for all of its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at June 30, 2016 using the Projected Unit Credit Method.

	2016	2015
	-----Rupees-----	
<b>b Reconciliation of balance due to defined benefit plan:</b>		
Present value of defined benefit obligation	21,288,790	19,230,519
Fair value of plan assets	(21,288,790)	(19,230,519)
Net defined liability/ (assets)	-	-
<b>c Amount charged to profit and loss account:</b>		
Current service cost	1,777,177	1,695,948
Interest cost	2,044,576	2,407,624
Expected return on plan assets	(2,044,576)	(2,407,624)
	1,777,177	1,695,948
<b>d Re-measurement recognized in other comprehensive income during the year</b>		
Actuarial gain on obligation	(1,103,482)	(1,186,377)
Actuarial loss on assets	1,049,808	1,059,585
Remeasurement gain recognized in OCI	(53,674)	(126,792)
Total defined benefit cost recognized in P&L and OCI	1,723,503	1,569,156
<b>e Movement in the liability / (asset) recognized in the balance sheet:</b>		
Balance as at July 01	-	-
Net charge for the year	1,777,177	1,695,948
Re- measurement gain recognised in OCI	(53,674)	(126,792)
Contribution to the fund	(1,723,503)	(1,569,156)
Balance as at June 30	-	-

	2016	2015
	-----Rupees-----	
<b>f Movement in the present value of defined benefit obligation:</b>		
Balance as at July 01	19,230,519	17,838,624
Current service cost	1,777,177	1,695,948
Interest cost	2,044,576	2,407,624
Actual benefits paid during the year	(660,000)	(1,525,300)
Actuarial gain	(1,103,482)	(1,186,377)
Balance as at June 30	21,288,790	19,230,519
<b>g Movement in the fair value of plan assets:</b>		
Balance as at July 01	19,230,519	17,838,624
Expected return	2,044,576	2,407,624
Contributions	1,723,503	1,569,156
Actual benefits paid during the year	(660,000)	(1,525,300)
Actuarial loss	(1,049,808)	(1,059,585)
Balance as at June 30	21,288,790	19,230,519
<b>h Principal actuarial assumptions used are as follows:</b>		
Expected rate of long term salary increase per annum	9.00%	10.25%
First year salary increase		13.00%
Valuation discount rate	9.00%	10.25%

<b>i Comparisons for past years:</b>	-----Rupees-----				
As at June 30					
Present value of defined benefit obligation	21,288,790	19,230,519	17,838,624	18,720,102	15,905,347
Fair value of plan assets	(21,288,790)	(19,230,519)	(17,838,624)	(18,720,102)	(15,901,599)
Deficit / (surplus)	-	-	-	-	3,748
Experience (gain) / loss on obligation	(1,103,482)	(1,186,377)	(1,342,769)	(156,097)	364,558
Experience (loss) / gain on plan assets	(1,049,808)	(1,059,585)	(570,391)	(578,516)	(577,403)

	2016	2015
	-----Rupees-----	
<b>Major categories / composition of plan assets are as follows:</b>		
Bank Deposit	21,288,790	19,230,519

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at balance sheet date. The return on plan assets was assumed to equal the discount rate. Actual return on plan assets during the year was Rs.0.995 million (2015: Rs.1.348 million).

**Defined benefit plan**

Contribution for the year allocated to administrative expenses	1,723,503	1,569,156
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### Expected

The expected gratuity cost charge for the year ending June 30, 2017 amounts to Rs.1.706 million. The actual cost will be determined after valuation of the Fund as at June 30, 2017 when the actuarial gains and losses arising during the year ending June 30, 2016 will be available.

	Note	2016	2015
		-----Rupees-----	
<b>19.4 The reconciliation of charity payable is as follows:</b>			
Balance as at July 01		1,703,325	418,012
Addition during the year		728,572	2,594,875
Less: Paid to recognized charitable organisations		(1,345,520)	(1,309,562)
Balance as at June 30		<u>1,086,377</u>	<u>1,703,325</u>
<b>20 CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
There were no contingencies as at the balance sheet date. (2015: Nil)			
<b>Commitments</b>			
Commitments in respect of financing transactions amounted to Rs.169.543 million (2015: Rs. 150.484 million).			
<b>21 INCOME FROM LEASE FINANCING</b>			
Leasing installments		1,383,566,856	1,438,084,686
Less: Depreciation on Lease Financing assets		<u>(1,132,935,371)</u>	<u>(1,151,998,866)</u>
		<u>250,631,485</u>	<u>286,085,820</u>
<b>22 ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	27	46,572,585	41,641,594
Printing, stationery and advertising		3,454,641	4,179,999
Travelling and conveyance		1,144,958	763,625
Insurance		377,987	371,768
Utilities		4,044,695	3,404,912
Postage		977,331	919,496
Newspapers and periodicals		38,304	27,719
Repairs and maintenance		1,655,684	1,011,951
Telecommunication		865,276	752,827
Fees and subscriptions		3,440,055	3,518,986
Legal and professional charges		3,224,795	3,448,550
Donations	22.1	840,000	840,000
Depreciation on fixed assets in own use	5.2	3,452,237	4,454,803
Amortization on intangible assets	6	353,987	926,287
Certificate registrar expenses		1,384,611	1,437,623
Vehicle running expenses		981,538	1,245,368
Office expense		1,547,468	1,182,000
Staff training and workshop		701,990	192,150
Staff Hajj expenses		1,026,000	916,823
Rent expense		2,960,989	2,164,000
Information technology expenses		1,689,829	1,301,910
Miscellaneous		35,990	72,564
		<u>80,770,950</u>	<u>74,774,955</u>

**22.1** The Directors of the Modaraba Management Company do not have any interest in any donees' fund to which donations were made.

	Note	2016	2015
		-----Rupees-----	
<b>23 OTHER INCOME</b>			
Dividend on shares		10,393,568	8,093,717
Gain on transfer of Lease Financing assets		28,684,186	19,843,288
Gain on sale of shares		3,499,014	730,149
Gain on sale of owned fixed assets		122,325	33,989
Profit on Modaraba'a deposit accounts		17,787,949	24,375,798
Profit on redemption reserve fund - COM		1,404,941	-
Profit on Sukuk		41,691,401	73,168,982
Miscellaneous income		1,779,263	1,093,965
		<u>105,362,647</u>	<u>127,339,888</u>
<b>23.1 Dividend on shares</b>			
Pak Suzuki Motor Co. Limited		4,950	1,650
Abbott Laboratories Pakistan Limited		30,000	7,800
Hub Power Company Limited		372,500	100,000
Meezan Bank Limited		4,124,988	2,807,480
Mari Petroleum Company Limited		9,783	1,000
ICI Pakistan Limited		8,646	3,325
Fauji Fertilizer Bin Qasim Limited		3,800	4,000
Pakistan State Oil Company Limited		27,720	30,888
Habib Sugar Mills Ilmited		2,191,250	1,507,143
Fauji Fertilizer Company Limited		387,818	263,055
Lucky Cement Limited		9,000	9,000
Oil & Gas Development Company Limited		-	19,500
Pakistan Petroleum Company Limited		1,723,113	3,326,376
Pakistan Telecommunication Company Limited		1,500,000	12,500
		<u>10,393,568</u>	<u>8,093,717</u>
<b>24 OTHER OPERATING CHARGES</b>			
Loss on sale of shares		595,840	-
Auditor's remuneration	24.1	612,100	537,300
		<u>1,207,940</u>	<u>537,300</u>
<b>24.1 Auditor's remuneration:</b>			
Audit fee		330,000	300,000
Fee for review of half yearly financial statements and Statement of Compliance with Code of Corporate Governance		185,600	170,000
CDC monitoring compliance		10,000	10,000
Out of pocket expenses		86,500	57,300
		<u>612,100</u>	<u>537,300</u>
<b>25 FINANCIAL CHARGES</b>			
Profit on Certificate of Investment (Musharaka)		155,031,476	138,650,222
Bank commission and charges		313,857	317,917
		<u>155,345,333</u>	<u>138,968,139</u>
<b>26 SERVICE SALES TAX ON MANAGEMENT COMPANY REMMUNERATION</b>			
Current year		4,809,785	5,300,940
		<u>4,809,785</u>	<u>5,300,940</u>

**27 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES**

The aggregate amount charged in the financial statements for remuneration to officers and other employees of the Modaraba is as follows:

	2016			2015		
	Officers	Other employees	Total	Officers	Other employees	Total
	Rupees			Rupees		
Salaries	18,233,722	7,043,689	25,277,411	17,222,268	6,437,207	23,659,475
House rent	2,314,500	1,223,580	3,538,080	2,232,900	1,142,100	3,375,000
Other allowances	7,210,135	5,555,498	12,765,633	5,683,210	4,076,466	9,759,676
Group insurance	721,405	467,396	1,188,801	725,910	522,760	1,248,670
Gratuity Fund	1,349,869	427,308	1,777,177	1,200,764	495,184	1,695,948
Provident fund	1,460,958	564,525	2,025,483	1,388,310	514,515	1,902,825
	<u>31,290,589</u>	<u>15,281,996</u>	<u>46,572,585</u>	<u>28,453,362</u>	<u>13,188,232</u>	<u>41,641,594</u>
Number of persons	12	30	42	13	25	38

Certain officers are also provided with self maintained cars by the Modaraba.

**28 CONTRACTUAL RENTALS RECEIVABLE - LEASE CONTRACT**

	As. At 30 June 2016				As. At 30 June 2015			
	Not Later Than One Year	Later Than one Year Not Later Than Five Years	Later Than Five Years	Total	Not Later Than One Year	Later Than one Year Not Later Than Five Years	Later Than Five Years	Total
	(Rupees)							
Total future lease payments receivable	<u>1,180,814,565</u>	<u>1,588,138,540</u>	<u>5,969,235</u>	<u>2,774,922,340</u>	<u>1,354,844,503</u>	<u>1,972,127,792</u>	<u>1,978,840</u>	<u>3,328,951,135</u>

**29 TRANSACTIONS WITH RELATED PARTIES**

The related parties and associated undertakings comprise the Modaraba Management Company [Habib Modaraba Management (Private) Limited], First Habib Modaraba Employees' Provident Fund, First Habib Modaraba Gratuity Fund and Key Management Personnel. These balances outstanding to / from these parties have been included in the relevant notes to the financial statements. Transactions with related parties and associated undertakings are as follows:

		2016	2015
Relationship	Nature of transaction	-----Rupees-----	
Balances with related parties			
Modaraba Management Company	Payable to modaraba management company	34,355,610	35,339,599
Modaraba Management Company	Sale tax on management fee payable	38,653,418	33,843,633
First Habib Modaraba Provident Fund	Investment in Certificate of Investment (Musharaka)	32,200,000	27,203,828
Expense for the year			
Modaraba Management Company	Modaraba company's management fee	34,355,610	35,339,599
First Habib Modaraba Gratuity Fund	Gratuity fund	1,777,177	1,695,948
First Habib Modaraba Provident Fund	Provident fund	2,025,483	1,903,425
Payments made during the year			
First Habib Modaraba Gratuity Fund	Contribution to staff gratuity fund	1,723,503	1,569,156
First Habib Modaraba Provident Fund	Contribution to staff provident fund	4,050,966	3,806,850
Modaraba Management Company	Dividend paid	110,551,905	110,551,905
Modaraba Management Company	Management fee	35,339,599	32,948,960



**29.1** No remuneration in kind has been paid by the Modaraba to the Directors.

### **30 CAPITAL MANAGEMENT**

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors of management company monitors the return on capital, which the Modaraba defines as net profit after taxation divided by total Certificate holders' equity. The Board of Directors also monitors the level of dividend to ordinary Certificate holders. There were no changes to the Modaraba's approach to capital management during the year and the Modaraba is not subject to externally imposed capital requirements.

### **31 FINANCIAL INSTRUMENTS**

#### **31.1 Risk management policies**

The Modaraba's objective in managing risks is the creation and protection of Certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Modaraba primarily invests in Lease Financing assets, diminishing musharaka, diversified portfolio of listed securities, Ijarah Sukuk bonds and Islamic investments instruments. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

- Credit Risk
- Liquidity Risk
- Market Risk

#### **31.2 Credit Risk**

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Modaraba by failing to discharge an obligation. The Modaraba's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

##### **Exposure to Credit Risk**

The maximum exposure to credit risk before any credit enhancements at June 30, 2016 is the carrying amount of the financial assets as set out below:

	Note	2016	2015
		-----Rupees-----	
Diminishing musharaka financing		3,051,518,340	1,729,117,245
Lease Financing installments receivables		881,616	3,601,077
Investments		1,011,035,269	985,220,547
Deposits		665,850	665,850
Other receivables		3,630,558	19,054,849
Bank balances		248,143,222	487,512,972
		<u>4,315,874,855</u>	<u>3,225,172,540</u>
The aging of Lease Financing installments receivables at the reporting date is:			
Past due 1-30 days		881,616	3,601,077
Past due over 30-90 days		-	-
		<u>881,616</u>	<u>3,601,077</u>

### Concentration of Credit Risk

Concentration is the relative sensitivity of the Modaraba's performance to developments affecting a particular industry or geographical location.

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Details of Modaraba's concentration of credit risk by industrial distribution are detailed in note 35 to the financial statements.

### Impaired Assets

Refer note 4.2(d) and 5.1 to the financial statements for details on impairment of assets.

### 31.3 Liquidity risk

Liquidity risk is the risk that the Modaraba will not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

In the case of Modaraba, the liquidity level of Modaraba remained on satisfactory level during the year and Modaraba did not face any difficulty or problem for generation of liquidity.

Note 33 to the financial statements summarizes the maturity profile of the Modaraba's financial instruments.

Mitigating / managing the risk

Modaraba's policy is to invest the majority of its assets in investments that includes ijarah GOP Sukuk that are traded in an active market and can be readily disposed off. Only a limited proportion of its investments are not actively traded.

### 31.4 Market Risk

#### a Market Price Risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

#### Exposure

The Modaraba is exposed to unfavorable changes in the fair values of investments as a result of changes in prices of securities.

As at June 30, 2016, the fair value of equity and debt securities exposed to price risk was as follows:

Particulars	Average Cost 2016	Fair Value 2016	Average Cost 2015	Fair Value 2015
-----Rupees-----				
Equity securities	149,795,714	204,715,270	114,016,635	180,180,547
Ijarah GOP Sukuk bonds	807,432,258	806,320,000	800,000,000	805,040,000
	<u>957,227,972</u>	<u>1,011,035,269</u>	<u>914,016,635</u>	<u>985,220,547</u>

### Risk Management

The Modaraba's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by Investment Committee.

The majority of the Modaraba's investments are publicly traded and are valued at the rates provided by stock exchange which is set as per the trading trend and volumes in the security.

**b Profit rate risk**

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows.

**Risk exposure**

The Modaraba has Lease Financing portfolio. The majority of leasing portfolio is linked with KIBOR rate as a benchmark. The Modaraba reviews KIBOR on leasing portfolio on quarterly / six monthly basis.

As at June 30, 2016, the profile of the Modaraba's variable value financial instruments were as follows:

	Note	2016	2015
		-----Rupees-----	
Variable rate instruments			
Ijarah GOP Sukuk bonds		807,432,258	800,000,000
Islamic deposits		244,805,343	336,512,333
Diminishing musharaka financing		2,713,265,520	1,569,917,509
Liability			
Certificate of Investment (Musharaka)		(3,050,913,721)	(2,360,079,584)
		<u>714,589,400</u>	<u>346,350,258</u>

**Fair value sensitivity analysis for variable rate instruments**

An increase of 100 basis points in interest rates would have increased / decreased the profit and loss by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

Asset / liability class (Having variable interest rates)	(Increase / Decrease) (+/-)	Changes in profit / (loss)	
		2016	2015
		-----Rupees-----	
Assets			
Ijarah GOP Sukuk bonds	100 basis points	8,074,323	8,000,000
Diminishing musharaka financing	100 basis points	27,132,655	15,699,175
Islamic deposits	100 basis points	2,448,053	3,365,123
Liability			
Certificate of Investment (Musharaka)	100 basis points	(30,509,137)	(23,600,796)

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the subjugated investments and impact on the profit and loss.

**Risk Management / Mitigation**

The Modaraba monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities.

The Modaraba's policy requires the Modaraba management to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities.

The average effective duration of the Modaraba's portfolio is a measure of the sensitivity of the fair value of the Modaraba's variable interest securities to changes in market interest rates.

The Modaraba's policy refrains from holding interest bearing instruments that induce the average effective duration of the variable interest portfolio to pass the benchmark of the average duration.

### 31.5 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

## 32 FAIR VALUE OF FINANCIAL INVESTMENTS

The Modaraba's accounting policy on fair value measurements of the investments is detailed in note 4.4 to these financial statements.

The Modaraba measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2016, all the investments were categorised in level 1 except for Sukuk bonds which are categorized in level 2.

### 33 MATURITIES OF ASSETS AND LIABILITIES

Liquidity risk is the risk that the Modaraba will be unable to meet its net funding requirements. To guard against this risk, the Modaraba has adequate funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of working capital.

	2016			
	Total	Up to one year	Over one year to five years	Over five years
	Rupees			
<b>Assets</b>				
Lease Financing fixed assets - tangible	2,725,212,037	259,159,300	2,466,052,737	-
Owned fixed assets - tangible	8,552,118	-	8,552,118	-
Intangible assets	307,651	-	307,651	-
Long term advances, deposits and prepayments	5,692,200	-	5,692,200	-
Diminishing musharaka financing	3,051,518,340	1,239,061,566	1,812,456,774	-
Investments	1,011,035,269	1,011,035,269	-	-
Lease Financing installments receivable	881,616	881,616	-	-
Advances and short term prepayments	5,926,930	5,926,930	-	-
Other receivables	24,001,015	24,001,015	-	-
Tax refund due from Government	79,479,382	79,479,382	-	-
Cash and bank balances	248,143,222	248,143,222	-	-
	7,160,749,780	2,867,688,300	4,293,061,480	-
<b>Liabilities</b>				
Security deposits against Lease Financing assets	397,943,715	93,882,475	304,061,240	-
Certificate of Investment (Musharaka)	3,050,913,721	3,050,913,721	-	-
Unearned Lease Financing and diminishing musharaka installments	10,482,879	10,482,879	-	-
Advance Lease Financing and diminishing musharaka installments	22,846,363	22,846,363	-	-
Trade and other payables	285,006,414	285,006,414	-	-
Profit payable on Certificate of Investment (Musharaka)	46,565,887	46,565,887	-	-
Taxation	2,790,833	2,790,833	-	-
Unclaimed profit distribution	28,144,694	28,144,694	-	-
	3,844,694,507	3,540,633,267	304,061,240	-
	3,316,055,273	(672,944,967)	3,989,000,240	-
<b>Represented by:</b>				
Issued, subscribed and paid-up capital	1,008,000,000			
Reserves	2,308,055,273			
	3,316,055,273			

	2015			
	Total	Up to one year	Over one year to five years	Over five years
	Rupees			
<b>Assets</b>				
Lease Financing fixed assets - tangible	3,072,311,550	249,998,461	2,822,313,089	-
Owned fixed assets - tangible	8,637,666	-	8,637,666	-
Intangible assets	661,638	-	661,638	-
Long term advances, deposits and prepayments	687,450	-	687,450	-
Diminishing musharaka financing	1,729,117,245	699,404,010	1,029,713,235	-
Investments - available for sale	985,220,547	985,220,547	-	-
Lease Financing installments receivable	3,601,077	3,601,077	-	-
Advances and short term prepayments	3,571,280	3,571,280	-	-
Other receivables	42,784,358	42,784,358	-	-
Tax refund due from Government	59,184,873	59,184,873	-	-
Cash and bank balances	487,512,972	487,512,972	-	-
	6,393,290,655	2,531,277,577	3,862,013,078	-
<b>Liabilities</b>				
Security deposits against Lease Financing assets	418,500,560	75,200,074	343,300,486	-
Certificate of Investment (Musharaka)	2,360,079,584	2,360,079,584	-	-
Unearned Lease Financing and diminishing musharaka installments	13,002,325	13,002,325	-	-
Advance Lease Financing and diminishing musharaka installments	16,521,499	16,521,499	-	-
Trade and other payables	251,292,016	251,292,016	-	-
Profit payable on Certificate of Investment (Musharaka)	48,570,764	48,570,764	-	-
Taxation - net	2,790,833	2,790,833	-	-
Unclaimed profit distribution	25,677,754	25,677,754	-	-
	3,136,435,335	2,793,134,849	343,300,486	-
	3,256,855,320	(261,857,272)	3,518,712,591	-
<b>Represented by:</b>				
Issued, subscribed and paid-up capital	1,008,000,000			
Reserves	2,248,855,321			
	3,256,855,321			



**34 FINANCIAL ASSETS AND LIABILITIES**

	Profit bearing			Non-Profit bearing			Total
	Maturity upto one year	Maturity after one year upto five years	Sub-total	Maturity upto one year	Maturity after one year and upto five years	Sub-total	
Financial assets							
Cash and bank balances	244,819,781	-	244,819,781	3,323,441	-	3,323,441	248,143,222
Other receivables	-	-	-	3,630,558	-	3,630,558	3,630,558
Investments	806,320,000	-	806,320,000	204,715,270	-	204,715,270	1,011,035,269
Lease Financing installments receivables	-	-	-	881,616	-	881,616	881,616
Advances	-	-	-	378,750	-	378,750	378,750
Long term deposits	-	-	-	-	665,850	665,850	665,850
Diminishing musharaka financing	1,239,061,566	1,812,456,774	3,051,518,340	-	-	-	3,051,518,340
	2,290,201,347	1,812,456,774	4,102,658,121	212,929,634	665,850	213,595,484	4,316,253,605
Financial liabilities							
Security deposits against lease financing assets	-	-	-	93,882,475	304,061,240	397,943,715	397,943,715
Certificate of Investment (Musharaka)	3,050,913,721	-	3,050,913,721	-	-	-	3,050,913,721
Trade and other payables	-	-	-	122,993,638	-	122,993,638	122,993,638
Unclaimed profit distribution	-	-	-	28,144,694	-	28,144,694	28,144,694
	3,050,913,721	-	3,050,913,721	245,020,808	304,061,240	549,082,048	3,599,995,769
On balance sheet gap	(760,712,374)	1,812,456,774	1,051,744,400	(32,091,173)	(303,395,390)	(335,486,563)	716,257,836
Lease Financing assets	259,159,300	2,466,052,737	2,725,212,037	-	-	-	2,725,212,037

\*Lease Financing assets has been included above in order to depict a true picture of the gap between the assets and liabilities of the Modaraba.

The expected rates of profit for financial assets and liabilities are mentioned in the respective notes to the financial statements.

**(i) Yield / profit rate risk**

Yield / profit rate risk arises from the possibility that changes in yield / profit rates will affect the value of financial instruments. All financial instruments of the Modaraba are on a profit and loss sharing basis, or on variable profit rate.

**(ii) Market risk**

Modaraba recognizes market risk as the exposure created by potential changes in the market prices and rates.

**(iii) Fair values of financial assets and liabilities**

The fair values of traded instruments is based on quoted market prices. Fair value of future Lease Financing installments receivable against Lease Financing assets, other assets, other liabilities and other items cannot be calculated with sufficient reliability due to absence of current active market for such assets and liabilities.

**35 SEGMENT BY CLASS OF BUSINESS OF FINANCING ASSETS**

	2016		2015	
	Rupees	%	Rupees	%
Auto and allied	214,057,764	3.71	140,293,469	2.92
Cable and electric goods	407,041,629	7.05	355,193,336	7.40
Cargo, courier logistic services	274,376,168	4.75	266,632,606	5.55
Cement	7,956,156	0.14	11,883,420	0.25
Chemical	358,455,950	6.21	370,744,196	7.72
Construction	154,492,607	2.67	65,291,599	1.36
Education	176,571,404	3.06	153,192,697	3.19
Fertilizer	189,268,210	3.28	184,294,844	3.84
Financial institutions	153,492,239	2.66	90,012,139	1.87
Food and allied	646,125,654	11.18	417,241,060	8.69
Fuel, power and energy	58,252,178	1.01	35,351,918	0.74
Glass and ceramics	48,909,419	0.85	14,191,058	0.30
Health care	170,629,532	2.95	147,843,795	3.08
Individuals	143,512,358	2.48	116,029,947	2.42
Information technology	145,334,384	2.52	195,549,060	4.07
Leather and Tanneries	12,766,052	0.22	21,830,831	0.45
Oil & gas exploration	73,687,721	1.28	100,198,593	2.09
Paper and board	13,697,564	0.24	14,001,858	0.29
Pharmaceutical	993,729,596	17.20	910,799,734	18.97
Refinery, lubricant, oil and gas marketing	163,101,598	2.82	73,690,228	1.53
Services	756,110,591	13.09	641,058,971	13.35
Steel and engineering	187,298,962	3.24	108,371,955	2.26
Sugar and allied	232,039,548	4.02	186,776,860	3.89
Textile	195,823,094	3.39	180,954,621	3.77
	<b>5,776,730,378</b>	<b>100.00</b>	<b>4,801,428,795</b>	<b>100.00</b>

**35.1** Modaraba's operations are restricted to Pakistan only.

**36 CREDIT RISK AND CONCENTRATION OF CREDIT RISK**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Modaraba has established procedures to manage credit exposure including credit approvals, credit limits and obtaining collaterals.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other considerations. Concentration of credit risk indicates the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

The Modaraba manages concentration of credit risk exposure through diversification of portfolio of its customers to avoid undue concentration of risk with specific industry, sector, or group as follows:

	2016		2015	
	Advances, deposits, prepayments and other receivables	Lease installments receivables	Advances, deposits, prepayments and other receivables	Lease installments receivables
	-----Rupees-----			
Segment by class of business				
Financial institutions	2,172,585	-	19,024,029	-
Textile	-	102,189	-	151,511
Chemical and pharmaceutical	-	619,004	-	-
I.T and Telecommunications	15,600	127	21,600	2,619,549
Insurance	426,295	-	484,255	-
Food and allied	-	69,415	-	410,125
Fuel and energy	-	46,712	-	-
Pharmaceutical	-	-	-	45,961
FMCG	-	-	-	19,040
Others	9,004,650	43,918	941,293	354,891
Services	-	251	-	-
	<u>11,619,130</u>	<u>881,616</u>	<u>20,471,177</u>	<u>3,601,077</u>

## 37 EARNINGS PER CERTIFICATE

### 37.1 Basic

Basic earnings per certificate are calculated by dividing the net profit for the year by the weighted average number of certificates outstanding during the year as follows:

	Note	2016	2015
		-----Rupees-----	
Profit for the year		298,302,894	306,500,341
Weighted average number of certificates of Rs. 5/-		201,600,000	201,600,000
Earnings per certificate		1.48	1.52

### 37.2 Diluted

No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on earnings per certificate when exercised.

## 38 SEGMENT INFORMATION

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for Modaraba's entire product portfolio and consider business to have a single operating segment. The Modaraba's assets allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on a overall basis.

The internal reporting provided to the chief executive officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba's is domiciled in Pakistan. All of the Modaraba's income is from the investments in entities incorporated in Pakistan.

	Note	2016	2015
<b>39 CASH GENERATED FROM OPERATIONS</b>		<b>-----Rupees-----</b>	
Profit for the year		298,302,894	306,500,341
Adjustment for:			
Gain on disposal of assets			
Lease Financing		(28,684,186)	(19,843,288)
In own use		(122,325)	(33,989)
Depreciation fixed assets			
Lease Financing assets		1,132,935,371	1,151,998,866
In own use		3,452,237	4,454,803
Loss on sale of shares		595,840	-
Owned assets sold / written off		8	111
Amortization of intangible assets		353,987	926,287
Provision for gratuity		1,777,177	1,695,948
Dividend income		(10,393,568)	(8,093,717)
Gain on disposal of investments		(3,499,014)	(730,149)
Profit paid to Certificate of Investment (Musharaka) holders		155,031,476	138,650,222
Movement in working capital	39.1	36,372,462	50,063,768
		<u>1,586,122,359</u>	<u>1,625,589,203</u>
<b>39.1 Movement in working capital</b>			
Decrease / (increase) in current assets:			
Lease Financing installments receivable		2,719,461	6,314,599
Advances and short term prepayments		(2,355,650)	4,884,533
Tax refund due from Government		(20,294,509)	(27,870,855)
Other receivables		18,783,343	10,518,810
Increase / (decrease) in current liabilities:			
Advance Lease Financing and diminishing musharaka		6,324,864	(15,950,379)
Unearned Lease Financing and diminishing musharaka		(2,519,446)	9,022,430
Trade and other payables		33,714,398	63,144,629
		<u>36,372,462</u>	<u>50,063,767</u>
<b>40 PROFIT DISTRIBUTION AND APPROPRIATION</b>			
Subsequent to the year ended June 30, 2016 the Board of Directors of the Management Company has declared a final distribution of Re. 1.0 per certificate, amounting to total profit distribution of Rs.201.6 million (2015: Re.1.10 per certificate amounting to total profit distribution of Rs.221.760 million) in its meeting held on 30th August 2016.			
<b>41 CORRESPONDING FIGURES</b>			
Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However no significant rearrangement or reclassification has been made in these financial statements during the current year.			
<b>42 DATE OF AUTHORIZATION FOR ISSUE</b>			
These financial statements were authorized for issue on 30th August 2016 by the Board of Directors of the Modaraba Management Company.			
<b>43 GENERAL</b>			
Figures have been rounded off to the nearest rupee.			

**For Habib Modaraba Management (Private) Limited  
(Management Company)**

CHIEF EXECUTIVE

DIRECTOR








DIRECTOR



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